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SENATE

{ REPORT
No. 92-594

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1972

January 25, 1972.—Ordered to be printed

Mr. PROXMIRE, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 12067]

The Committee on Appropriations, to which was referred the bill (H.R. 12067) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1972, reports the same to the Senate with amendments and submits the following explanation of its recommendations.

Amounts in new budget (obligational) authority

Amount of amended budget estimate.....	\$4, 342, 635, 000
Amount of bill as passed House.....	3, 003, 461, 000
Amount of bill as reported to Senate.....	2, 888, 635, 000
Bill as recommended to Senate compared to:	
1971 appropriation.....	—923, 622, 000
Amended budget estimate.....	—1, 454, 000, 000
House.....	—114, 826, 000

SUMMARY TABLE: AMOUNTS IN NEW BUDGET (OBLIGATIONAL) AUTHORITY

Title	Item	Budget estimate	House bill	Recommended by Senate committee	Increase (+) or decrease (-), Senate bill compared with—	
					Budget estimate	House bill
I	Foreign Assistance Act activities-----	\$3,085,218,000	\$2,162,555,000	\$1,764,221,000	-\$1,320,997,000	-\$398,334,000
II	Foreign military credit sales	510,000,000	510,000,000	400,000,000	-110,000,000	-110,000,000
III	Foreign assistance (other)---	747,417,000	330,906,000	724,414,000	-23,003,000	+393,508,000
IV	Export-Import Bank of the United States-----	(7,331,747,000)	(7,331,747,000)	(7,331,747,000)	(-----)	(-----)
V	Department of Labor Unemployment Trust Fund-----	(-----)	(-----)	(Indefinite)	(-----)	(-----)
	Total-----	4,342,635,000	3,003,461,000	2,888,635,000	-1,454,000,000	-114,826,000

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CAPSULE SUMMARY

A total of \$2,888,635,000 in new budget authority is recommended for the programs and agencies included in this bill. This compares to \$4,342,635,000 in amended budget estimates for the current year and \$3,812,257 appropriated in fiscal year 1971.

GENERAL STATEMENT

Although this bill contains most foreign economic assistance and some foreign military assistance, it contains but a portion of the total funds committed yearly by the United States to the development and security of other nations. This fact is best illustrated in the case of Public Law 480, contribution of foodstuffs, funds for which are appropriated to the Department of Agriculture (\$1.3 billion) and other military assistance, which is appropriated in the Department of Defense and Military Construction appropriation bills (\$2.8 billion).

The question of exactly what is and what is not foreign assistance is a debatable one; however, in an effort to provide the Senate with complete and comprehensive information, an inclusive ten-year table has been prepared by the General Accounting Office on selected programs and may be found on page one of the hearings. Using this table as a reference it can be seen that, excluding the cost of United States military forces but including such agencies and programs as the Export-Import Bank and the cost of the International Sugar and Coffee Acts, the overall value of anticipated requests for United States assistance abroad for fiscal 1972 is estimated at \$13.7 billion. This is an increase of slightly more than \$3 billion over the average amount appropriated for these same programs over the last ten years.

BURDEN SHARING—A FAIR SHARE FOR THE UNITED STATES

The committee is fully aware of the unanswered need for development assistance in the underdeveloped countries of the world and is prepared to support the United States' shouldering a "fair share" of this and other international responsibilities.

It should now be abundantly clear, however, that what was a "fair share" for the United States twenty-five or even five years ago is not a "fair share" today. In the President's Economic Message of September 9 he ably summarized the economic realities involved when he stated:

For a quarter of a century now, since the end of World War II, America has borne the principal burden of free world defense, of foreign aid, of helping old nations back onto their feet and new nations to take their first, sometimes faltering steps. We have paid out nearly \$150 billion in foreign aid, economic and military, over the past 25 years. We have fought two costly and grueling wars. We have undergone deep strains at home, as we have sought to

reconcile our responsibilities abroad with our own needs here in America. In this quarter century America has given generously of itself and of its resources, and we have done this because we are Americans and America is a good and a generous nation. In the years ahead, we will remain a good and a generous nation—but the time has come to give a new attention to America's own interests here at home.

Fifteen years ago a prominent world statesman put this problem that we confronted then in a very effective way. He commented to me that world trade was like a poker game in which the United States then had all the chips and that we had to spread them around so that others could play. What he said was true in the 1940s. It was partially true in the fifties, and also even partially true in the early sixties. It is no longer true today. We have generously passed out the chips. Now others can play on an equal basis—and we must play the game as we expect and want them to do.

We must play, that means, the best we know how. The time is past for the United States to compete with one hand tied behind her back.

This new era is a time of new relationships in the world; of a changed balance of economic power; of new challenges to our leadership and to our standards of living.

The committee has considered and rejected the adoption of any rigid or arbitrary standard. It has, however, noted that the United States' share of the operations of the International Monetary Fund is 23.2 percent; of the total capital of the World Bank, 26.6 percent; and of the operating funds of the United Nations, 31.5 percent. While these percentages were reached under different formulas, they all sought to equitably achieve "burden sharing" with due consideration to the economic capacity of the nations concerned.

As a general rule it is the sense of the committee that a "fair share" for the United States should not exceed 20 to 30 percent of true multinational programs, and it is within this range that it shall endeavor to allocate United States contributions to international organizations and financial institutions beginning with fiscal 1973. As a move in this direction, United States contributions to multinational organizations and financial institutions in this bill have been limited to 33⅓ percent with the following exceptions:

	Percent
Inter-American Development Bank ¹	
Paid-in capital.....	37.5
Callable capital.....	42.0
Fund for Special Operations (soft loans).....	66.7
United Nations Development Program.....	35.7
United Nations Children's Fund.....	37.7
United Nations Population Program.....	50.0
United Nations Fund for Drug Abuse Control.....	78.0
United Nations Food and Agricultural Organization (World Food Program).....	51.0
United Nations Relief and Works Agency (Arab refugees).....	55.0
Pakistani Refugee Relief.....	53.0
United Nations Force in Cyprus.....	40.0
Indus Basin Development Fund.....	41.0

¹ IDB computation based on proposed replenishment.

RECOGNITION OF UNITED STATES ASSISTANCE

For more than a quarter of a century the American taxpayer has borne the overwhelming part of the load of defending the Free World and assisting those in a less favored economic position than himself. This unstinted effort has sapped the Nation of well over a trillion dollars in treasure and a cost in blood and strife that cannot be reckoned. These sacrifices without parallel in recorded history have been borne with surprisingly little complaint and have favored both friend and former foe with virtually an even hand.

This is a well known record and one in which our people can take justifiable pride. It so happens, however, that there are those who, perhaps unthinkingly, belittle this generosity by unfavorable comparisons to the effort made by others in certain specified but limited areas of assistance. The committee has tired of this distorted approach which most often comes by comparing the percentage of economic assistance to gross national product without any effort to identify programs closely tied to former colonies or bilateral trade programs, and a failure to point out the very real value of defense costs assumed by other nations. Statistical information is not readily available concerning assistance to former colonies or trading partners; however, it is interesting to compare the burden of defense costs computed in the same manner as development assistance for each country held out as a leader in the latter field:

Country	Contributions to development assistance	Percentage of gross national product ¹	Defense costs	Percentage of gross national product of
France.....	\$950,000,000	1.24	\$5,900,000,000	4.0
Netherlands.....	196,000,000	1.42	1,096,000,000	3.5
Australia.....	202,000,000	1.12	1,127,000,000	3.4
Belgium.....	120,000,000	1.23	695,000,000	2.8
Portugal.....	31,000,000	1.02	\$400,000,000	6.3
Canada.....	346,000,000	.77	1,906,000,000	2.4
Denmark.....	59,000,000	.62	368,000,000	2.3
Sweden.....	117,000,000	.73	1,129,000,000	3.6
United Kingdom.....	447,000,000	1.06	5,767,000,000	4.9
Norway.....	37,000,000	.59	\$375,000,000	3.4
West Germany.....	599,000,000	.80	6,103,000,000	3.3
United States.....	3,050,000,000	.61	77,827,000,000	8.0
Japan.....	458,000,000	.93	1,582,000,000	0.8
Italy.....	152,000,000	.79	2,499,000,000	2.7
Switzerland.....	30,000,000	.66	413,000,000	2.0
Austria.....	19,000,000	.67	\$165,000,000	1.2

¹ Source: Organization for Economic Cooperation and Development as of June 28, 1971.

² Source: Economic Data Book for Countries of Europe, Statistics and Reports Division, Agency for International Development, September 1971.

³ Indicates estimate.

INTERNATIONAL TRAFFIC IN ILLICIT DRUGS

The committee has been greatly concerned with the vicious problem of drug addiction—not only in the United States but throughout the world. It has earnestly considered the possibility and even expressed a willingness to eliminate all assistance to countries recalcitrant in carrying out strict and effective international controls. A special hearing was held by the committee's Foreign Operations Subcommittee with the Director of the Bureau of Narcotics and Dangerous Drugs on June 30, 1971 (pages 577–616 of the hearing record) in which the matter was fully discussed.

Subsequent to the June 30 hearing, in a letter to the subcommittee dated July 12, 1971, from the Director to the Chairman, the problem was further detailed by country and a pertinent extract of this letter follows:

The reality of drug abuse as a major social and public health problem has created an awareness and response here in the United States, that has just begun to be reflected in changing attitudes throughout the world.

All countries where opium is produced legally or illegally are potential sources for the international illicit narcotic trade. For this reason a system of international narcotic control, as embodied in the Single Convention on Narcotic Drugs of 1961 is necessary and is supported in principle by most nations.

Actual response to the drug problem varies from country to country depending on the amount of drug abuse and on administrative or other resources available within the country for control purposes. The efficacy of the international narcotic control system rests on internal control within individual countries and on compliance with treaty obligations regulating international trade.

The following countries are producers of opium: India, Turkey, USSR, Iran, Pakistan, Japan, Yugoslavia, Burma, Laos, Thailand, Afghanistan, Mexico and (reportedly) Nepal. Opium from Turkey, Mexico, Burma, Laos and Thailand is known to be a source of heroin for the U.S. market. Today's rapid transportation systems make almost all countries potential transit points in the illicit traffic. France, Germany, Italy and Spain; South America, Latin America, Mexico and Canada are of continuing concern to the U.S. as transit points for illicit narcotics.

The countries of most immediate concern to the United States have been France, Mexico and Turkey.

France, Mexico and Turkey.—The Turkish Government has established two major narcotic law enforcement organizations including rural and municipal police. Strict licensing legislation has passed the National Assembly of the Turkish parliament and is now under consideration in the Senate. It

is expected that this legislation will become law by the end of July. On June 30, 1971, the Prime Minister of Turkey announced that opium would no longer be permitted to be produced in Turkey after 1972. The Turkish police are cooperating effectively with U.S. Agents in making seizures of illicit narcotics and arrests of traffickers.

As cooperative programs with France, Mexico and Turkey show promise of definitive results, attention has turned to Southeast Asia and the rising heroin addiction among U.S. military personnel in that area. Drug production and use have long been a part of the Asian scene. In what is probably the most extensive area in the world of illegal production, the so-called "golden triangle" where Burma, Thailand and Laos converge, opium has been the sole cash crop of the inhabitants for nearly two centuries. This area has not been under the effective control of any government for years.

South Vietnam, Thailand and Laos.—Programs to curtail and control illicit narcotics are being launched in South Vietnam, Thailand and Laos with our encouragement and support. Wherever assistance under United Nations auspices will help make controls more effective, we will support a multilateral approach. It is too soon to estimate results from these programs or what will finally be needed to cope with the very difficult problems of narcotics control in Southeast Asia.

The following countries, in addition to Mexico, France and Turkey, have internal problems with production, illicit traffic or consumption which in turn are related to international illicit traffic.

South America is the source of the illicit cocaine entering the U.S. and in recent years, Europe and the Near East. The cocaine is processed from coca plants grown in the Andes Mountain regions of Chile, Bolivia, Peru, Ecuador and Colombia. Bolivia produces the largest volume of coca leaf but most of the cocaine production is from clandestine laboratories located in Chile, Peru and Ecuador. Latin America and the Caribbean are important as key transit areas in the flow of heroin from Europe to the United States and cocaine from South America. Intelligence on the flow of heroin from Southeast Asia through South America and Latin America is inconclusive, but indications are that it may be considerable.

South American and Latin American legal controls on heroin and cocaine vary from adequate to inadequate. Even where laws are adequate, enforcement may be ineffective because of limited resources or other constraints such as organization, training and political support. There has been little discernible progress toward effective drug control in either the source countries or the transit countries in recent years.

Afghanistan.—Already a source of significant amounts of illegal drugs, Afghanistan has the potential of becoming one of the leading suppliers. Both opium poppies and cannabis are grown there illegally, and the opium and hashish derived

are smuggled elsewhere—partly to neighboring Iran. Although there are anti-narcotics laws on the books, enforcement has not been effective and Kabul's colony of drug-using foreign residents is permitted to pursue its life style virtually undisturbed. If Afghan authorities are to alter this situation and embark on a vigorous antinarcotics program, effective control in those areas of the country inhabited by tribal groups must be established.

Pakistan.—Like Afghanistan, Pakistan is a source of illegal drugs. Opium produced illegally there will become more of an international concern as Turkish opium disappears from the illicit market. Large areas of West Pakistan are also tribal territories without effective central government control. Divided responsibility and the government's preoccupation with other problems inhibit Pakistan's anti-narcotics efforts. Like Afghanistan, if Pakistan is to alter this situation, effective control in those areas of the country inhabited by tribal groups must be established.

Lebanon.—Although it is not a known producer of opium and has no serious addiction problem. Lebanon plays an important role in the international illicit drug trade. Opium and morphine base are smuggled into the country through Syria or by sea from Turkey itself, and converted into morphine base or heroin. Morphine base is transported to laboratories in Southern France for conversion into heroin, while heroin produced in Lebanon may be shipped to South America for eventual shipment to the United States. Much of the 200 tons or so of hashish produced annually in Lebanon finds its way, mixed with some opium, to the United Arab Republic. Lebanese anti-narcotics agencies are willing to cooperate with BNDD representatives and some joint programs are underway. They have asked for additional support in the form of equipment and training. Poor internal security, the presence of about 3,000 armed guerrillas inside its borders, lack of religious and cultural homogeneity, and the probable involvement of important land owners in hashish production are all factors which make Lebanon's anti-narcotics program more difficult.

Nepal.—Information on the production and transportation of illegal drugs in Nepal is sketchy and comes mostly from Indian sources. It indicates, however, that there is growing illicit traffic in cannabis out of Nepal. Some illegal growing and exporting of opium has also been reported recently. The Nepalese Government has used licensing of producers and production taxes in an effort to restrict cannabis output, but without much success. Efforts are being intensified to establish contact with the Nepalese Government on the matter of getting its cooperation in international narcotics control.

Thailand.—Illicit drug traffic in Thailand involves two major aspects: opium growing in the highlands and the trafficking across the country from the tri-border growth area into Bangkok and other transit points. The Thai Govern-

ment must find ways to deal effectively with the tribal peoples growing opium; the large consumer population is now believed to exceed 300,000 and the relatively unhindered illicit traffic. Representatives of the U.S. Embassies are meeting with Thai Officials to find means toward a total solution for these problems.

Burma.—Burmese illicit drug activity originates from the insurgency-controlled hills of Northeastern Burma. Burmese opium production probably exceeds 400,000 kilograms annually and supplies much of the illicit trade in Southeast Asia. The Government of Burma has not responded positively to proposals for additional efforts to control its opium problem.

Laos.—The legislature in Laos is actively considering a law to prohibit poppy cultivation. Another useful step would be for the government to ratify the 1961 Single Convention. It is essential that both these steps be taken as soon as possible as a basis for programs to reduce and finally halt illicit drug production and traffic in this country.

* * * * *

The Secretary of State appeared before the subcommittee on September 8 and expressed satisfaction with the progress being made through special diplomatic initiatives. In addition, the Bureau of Narcotics and Dangerous Drugs advised the subcommittee on September 7 that "there is no country that is not cooperating fully, or giving the impression of cooperating fully, with United States efforts to combat the illicit international traffic in dangerous drugs . . ."

The committee considers these appraisals of the current situation overoptimistic. However, with the knowledge that the President has full authority to cut off or suspend assistance to problem countries, the committee has elected not to include restrictions in this year's appropriation bill.

INSPECTION AND AUDIT OF FOREIGN ASSISTANCE ACTIVITIES

The committee supports a strong and continuing program of evaluating the efficiency, cost effectiveness and fiscal integrity of foreign assistance and believes that information in this regard should be readily available to responsible officials of both the Executive and Legislative Branches. Resources committed to obtaining this information should, however, bear a direct relationship to the need, the use and the benefits derived from its acquisition.

Among those agencies investigating, evaluating and auditing foreign assistance are the following:

General Accounting Office.—In connection with foreign assistance, the Comptroller General's broad authority as the investigative arm of the Congress is primarily assigned to the General Accounting Office's International Division. During fiscal 1971, this office had 144 members of its staff who were engaged in reviewing various phases of foreign assistance. The committee has been greatly impressed by the high quality of the 42 formal reports relating to foreign assistance which the General Accounting Office has submitted to the Congress during fiscal 1971. In addition, the committee has relied extensively on the knowledge and skill of the General Accounting Office in its hearing and review of activities funded under the Foreign Assistance Appropriations Bill.

Military Assistance and Sales.—Responsibility for monitoring and evaluating the Military Assistance and Military Credit Sales Programs is assigned to the Department of Defense, the military services and unified commands and is carried out through inspection, evaluation and audit teams. The Department's record keeping of these activities relates to functional areas rather than specific appropriations. For this reason, it has been impossible to break out personnel and other specific costs as between the Military Assistance Program, the Military Credit Sales Program and Military Assistance Service Funded Program. The Department does, however, report that during 1971, 1,739.3 man-years costing \$49.9 million were expended in audit work alone related to these activities combined. The investment of resources of this magnitude should insure effective and efficient management of these programs. The committee makes the observation that these are perhaps the most expensive and extensively audited programs of which it has knowledge and expresses the hope that its continuing examination of the Foreign Military Assistance and Military Credit Sales Program will indicate that such a commitment of funds and manpower is justified.

Agency for International Development.—The committee notes that those formulating the programs and providing the day-to-day management of the Agency for International Development's activities have at their immediate disposal 350 auditors, investigators and supporting personnel. This sizable staff operating under the Auditor General of

the Agency for International Development performed 1,212 audits and 322 investigations for fiscal 1971, in addition to carrying on a broad new program designed to promote management effectiveness. The committee will carefully review this activity in its fiscal 1973 hearings.

Peace Corps.—The Peace Corps has an internal program review and evaluation staff of ten which made extensive reviews of programs in seventeen countries in fiscal 1971. In addition, its internal audit operation conducted twenty-seven audits. The combined cost of these two activities was \$322,000 which Peace Corps officials believe provide an acceptable level of fiscal and program review. This is one of several illustrations which have led to the committee's conclusion that the Peace Corps' original reputation for cost consciousness is being maintained.

Inspector General of Foreign Assistance.—This office which is charged with over-all review of foreign assistance was created by subsection 624(d) of the Foreign Assistance Act of 1961. This same Act also sought to insure timely and unrestricted congressional access to information gathered by the Inspector General's Office in carrying on its normal activities. During fiscal 1971, the Inspector General's Office with an assigned strength of 36 and a budget of \$1,112,000 completed 69 reports. The unwillingness of the Inspector General to share with this committee, on a timely basis, the information obtained by his Office and requested by the Chairman of the Foreign Operations Subcommittee has so limited his usefulness that the committee recommends a limitation on funds for the operation of his office. (See 1972 Foreign Operations hearings, pages 535-538.)

These funds are acquired by reimbursements from program funds and the committee action is detailed as follows:

OFFICE OF THE INSPECTOR GENERAL OF FOREIGN ASSISTANCE

Reimbursements from other Federal funds	Actual fiscal year 1971	Proposed fiscal year 1972	Committee recommendation
Agency for international development:			
Technical assistance.....	\$35,000	\$250,000	\$150,000
Supporting assistance.....	200,000	250,000	150,000
Worldwide development loans.....	377,000	300,000	175,000
Alliance for progress loans.....	300,000	200,000	125,000
Subtotal, AID.....	912,000	1,000,000	600,000
Military assistance program.....	175,000	175,000	187,500
Peace Corps.....	25,000	25,000	12,500
Total program.....	1,112,000	1,200,000	800,000

COOPERATION WITH THE COMMITTEE

With the delay and controversy surrounding this year's Foreign Assistance Authorization Act, the level of fiscal 1972 funds has been in a state of constant flux and it has, therefore, been extremely hard for those departments and agencies funded under this bill to properly manage these resources. Under these difficult circumstances the Committee acknowledges with appreciation the fine assistance and cooperation it has received from most agencies concerned in responding to the Committee's requests for detailed and backup information to support budget estimates. In this regard, the Agency for International Development is deserving of special recognition. On the other hand, the Committee has encountered constant and continuing difficulty in obtaining sufficient and timely information from the Department of Defense and the Department of State's Inspector General of Foreign Assistance to support minimal Committee requirements. Considering the fact that almost half the funds in this bill relate to activities and responsibilities of the Department of Defense the present level of cooperation, approaching indifference, which both the Committee and the General Accounting Office have experienced from this Department is not only unacceptable but intolerable.

By letter to the Secretary of Defense and through conferences between the staff of the Committee and representatives of the Department of Defense, the Chairman of the Subcommittee is currently seeking a solution to this serious problem.

(13)

ECONOMIC AND MILITARY ASSISTANCE—AVAILABILITY OTHER THAN NEW FUNDS FOR FISCAL YEAR 1972

[IN THOUSANDS OF DOLLARS]

Account title	Availability other than new funds for fiscal year 1972			Funds in the pipeline ²
	Unobligated balances brought forward	Other funds available (estimated) ¹	Total	
Economic assistance:				
Worldwide, technical assistance.....	\$2,327	\$12,945	\$15,272	\$108,669
Alliance for Progress, technical assistance.....	445	4,105	4,550	41,858
Programs relating to population growth.....				
American Schools and Hospitals Abroad.....	16		16	21,850
Suez Canal.....				
International organizations and programs.....	147	135	282	96,672
Indus Basin Development Funds, grants.....				
Indus Basin Development Fund, loans.....				1,443
UNRWA (Arab refugees).....				
Excess Egyptian pounds.....				
Contingency fund.....	466	1,300	1,766	16,987
Refugee relief assistance (East Pakistan Refugees).....				
Alliance for Progress, development loans.....	1,493	75,200	76,693	905,420
Development loans.....	75,479	205,300	280,779	806,579
Administration expenses:				
AID.....	1,723	2,000	3,723	40,203
State.....	25		25	6
Prototype desalting plant.....	20,000		20,000	
Subtotal, economic assistance.....	102,121	300,985	403,106	2,034,687
Military and supporting assistance:				
Military assistance (grants).....	5,775	22,500	28,275	621,986
Supporting assistance.....	2,721	47,000	49,721	456,743
Subtotal, military and supporting assistance.....	8,496	69,500	77,996	1,078,729
Total, economic and military assistance.....	110,617	370,485	481,102	3,113,416

¹ Consist of receipts, reimbursements, and recoveries estimated for fiscal year 1972.² For military assistance (grants), consist of undelivered balances as of Sept. 30, 1971. For all other items, consist of unliquidated obligations as of Nov. 30, 1971.

STATUS OF ECONOMIC AND MILITARY ASSISTANCE PROGRAMS UNDER CONTINUING RESOLUTION

[IN THOUSANDS OF DOLLARS]

Account title	Continuing resolution	Obligations, Dec. 31, 1971	Percent of continuing resolution obligated
Economic assistance:			
Worldwide, technical assistance.....	\$165,272	\$95,532	57.8
Alliance for Progress, technical assistance.....	79,015	31,852	40.3
Programs relating to population growth.....			
American schools and hospitals abroad.....	15,000	4,353	29.0
Suez Canal.....			
International organizations and programs.....	41,282	14,085	34.1
Indus Basin Development Fund, grants.....	5,000	4,925	98.5
Indus Basin Development Fund, loans.....	6,000	6,980	116.3
UNRWA (Arab refugees).....			
Excess Egyptian pounds.....			
Contingency fund.....	31,300	19,865	63.5
Refugee relief assistance (East Pakistan Refugees).....	100,000		
Alliance for Progress, development loans.....	226,693	51,386	22.7
Development loans.....	530,779	58,831	11.1
Administration expenses:			
AID.....	47,000	31,916	67.9
State.....	4,280	1,922	44.9
Subtotal, economic assistance.....	1,251,711	321,647	25.7
Military and supporting assistance:			
Military assistance (grants).....	522,500	419,600	80.3
Supporting assistance (grants).....	649,721	331,723	51.1
Military assistance (credit sales).....	400,000	35,000	8.8
Subtotal, military and supporting assistance.....	1,572,221	786,323	50.0
Total, economic and military assistance.....	2,823,932	1,107,970	39.2

¹ Consists of amounts programmed and funded as of Dec. 31, 1971.

TITLE I

FOREIGN ASSISTANCE ACT ACTIVITIES

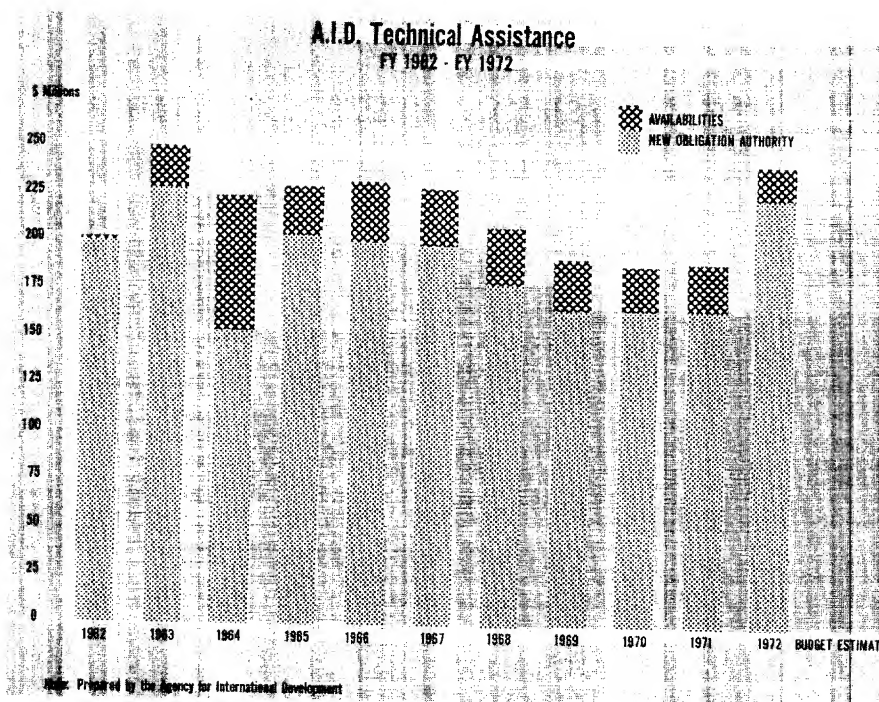
FUNDS APPROPRIATED TO THE PRESIDENT

There follows a table comparing committee recommendations of new obligational authority for programs and activities included in Title I of the Foreign Assistance Act to budget estimates and House allowances.

FOREIGN ASSISTANCE ACT, MILITARY CREDIT SALES, AND RELATED ACTIVITIES

[In thousands of dollars]

Agency and account title	Fiscal year 1971 appropriations (NOA)	Fiscal year 1972			
		Budget estimate (NOA)	Authorization (Conference action) (Passed by Senate)	House appropriations bill (as passed)	Committee action
TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES					
Economic assistance:					
Worldwide, technical assistance.....	166,750	232,929	175,000	150,000	165,000
Alliance for Progress, technical assistance.....	82,875	129,745	88,500	75,000	80,000
Programs relating to population growth.....			(125,000)	50,000	125,000
American schools and hospitals abroad.....	12,895	10,175	30,000	17,200	20,000
Suez Canal.....			(10,000)		
International organizations and programs.....	103,810	141,000	138,000	41,000	138,000
Indus Basin Development Fund, grants.....	4,925	15,000	15,000	7,500	15,000
Indus Basin Development Fund, loans.....	6,980	12,000		6,000	12,000
UNRWA (Arab refugees).....	1,000		1,000		
Excess Egyptian pounds.....			(1,000)		
Contingency fund.....	22,500	100,000	30,000	30,000	30,000
Refugee relief assistance (East Pakistan Refugees).....		250,000	250,000	175,000	175,000
Alliance for Progress, development loans.....	287,500	235,000	206,500	150,000	50,000
Development loans.....	420,000	400,000	250,000	250,000	150,000
Administration expenses:					
AID.....	51,000	60,200	50,000	54,600	50,000
State.....	4,100	4,555		4,255	4,221
Subtotal, economic assistance.....	1,164,335	1,590,604	1,234,000	1,010,555	1,014,221
Military and supporting assistance:					
Military assistance (grants).....	690,000	705,000	500,000	552,000	350,000
Supporting assistance.....	569,600	764,614	618,000	575,000	400,000
Subtotal, military and supporting assistance.....	1,259,600	1,469,614	1,118,000	1,127,000	750,000
Other:					
Overseas Private Investment Corporation, reserves.....	18,750	25,000		25,000	
Inter-American Social Development Institute (limitation on obligations).....	(10,000)	(11,000)			(11,000)
Total, title I, Foreign Assistance Act.....	2,442,685	3,085,218	2,352,000	2,162,555	1,764,221
TITLE II—FOREIGN MILITARY CREDIT SALES					
Foreign military credit sales.....	700,000	510,000	400,000	510,000	400,000
Grand total, Foreign Assistance Act military credit sales, and related activities.....	3,142,685	3,595,218	2,752,000	2,672,555	2,164,221



ECONOMIC ASSISTANCE

WORLD-WIDE TECHNICAL ASSISTANCE GRANTS

(OTHER THAN ALLIANCE FOR PROGRESS)

Appropriation, 1971.....	\$166,750,000
Amended budget estimate, 1972.....	232,929,000
Authorization.....	175,000,000
House allowance.....	150,000,000
Committee recommendation.....	165,000,000

The committee recommendation of \$165,000,000 is \$1,750,000 less than the amount appropriated in fiscal 1971, \$67,929,000 under the budget estimate, and \$15,000,000 over the House allowance.

This new obligational authority when added to funds available from reappropriated balances (\$2,327,000), recoupments (\$10,805,000), and reimbursements (\$2,140,000) will provide a total of \$180,272,000 to finance this year's program.

Technical assistance is the primary means of assisting the people of the developing countries to acquire, modify and generate the knowledge, skills and institutions they require for their economic and social growth and modernization. It is a deliberate effort to accelerate the modernization process through which these nations are going.

Self-sustaining growth of a nation depends upon the effectiveness with which it applies and exploits its natural resources, capital facilities, and human resources. Technical assistance is designed to accelerate the process by which people are educated, skills acquired, and attitudes changed so that people can more effectively help themselves.

Technical assistance deals with the human side of the development

process. Skilled Americans join to work with people of the developing countries, to transfer the knowledge and techniques essential to development. Citizens from these countries are also brought to the United States for training. Technical assistance attempts to foster relationships and channels of contact between individuals, groups, and institutions in the United States and the developing countries.

The United States has pioneered in developing technical assistance concepts and programs. Technical assistance, as an organized government activity, began in 1942 with the Institute of Inter-American Affairs. The Point IV program, initiated by President Truman in his inaugural address of 1949, challenged the American people to pool their knowledge and energies with those of the peoples of the developing countries for the general betterment of mankind. These themes were carried out in the 1950's by the Foreign Operations Administration and the International Cooperation Administration which were followed in the 1960's by the Agency for International Development (AID).

The committee would hope that much has been learned about the complexities of the development process over the three decades of this experience. The Point IV approach was dominated by simple, man-to-man, "know-how, show-how" methods and relationships based upon the view that we could transfer the knowledge and techniques of the United States to the societies of Asia, Africa, and Latin America and thus help the people of these countries move ahead in the use of technology and the organization of human activities.

Information presented the committee indicates AID's focus for the 70's is changing. In the future greater stress will be placed on activities which improve the well-being of people, increase their ability to participate in and contribute to the growth and modernization of their societies, and permit them to share more fully in the benefits of technological, social, and economic progress.

AID has testified to the committee that it will respond to the initiatives of the lower income countries on key problems identified as the most pervasive bottlenecks to their modernization and growth, including major areas already recognized:

- inadequate food supply, both qualitatively and quantitatively;
- rapid population growth;
- provision of training facilities, particularly in the areas of management and technical skills; and
- adaptation of industrial technology.

To address these problems the AID program employs three basic types of technical assistance:

1. Institution-building. Institution-building has been one of the primary aims of A.I.D.'s programs for more than a decade. It is generally conceded that the success of the Green Revolution in South and Southeast Asia is, in part, attributable to A.I.D.'s long-term programs of assisting countries establish the extension, educational, marketing and other institutions needed to encourage the use of the new varieties.

The committee's 1972 recommendation will continue to support significant institution-building efforts. Examples include:

- Continue to assist the network of eight agricultural universities in India able to conduct programs of teaching, extension and research.
- Continue to assist the recently established Livestock Community

of the Entente (a loose federation of five West African states) to rationalize the breeding and marketing of cattle in order to profit from the potentially large local market which is currently relying on meat imports from outside Africa.

- Continue to promote improved local government administration and services in the Philippines, including the establishment of additional Provincial Development Councils. U.S. technicians work with national agencies, universities, private institutions, and provincial governors.

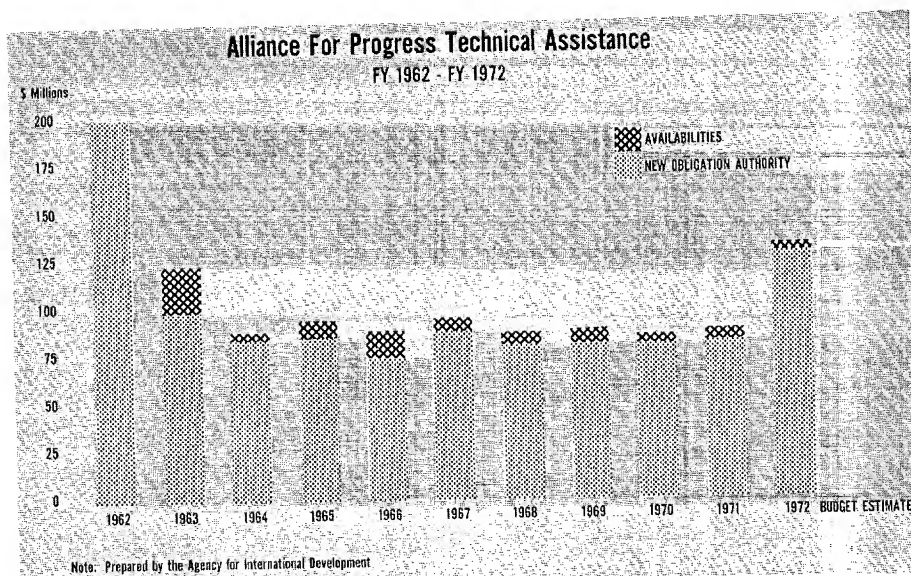
The fiscal year 1972 technical assistance appropriation will permit AID to maintain ongoing institution-building activities at present levels.

2. Training. A.I.D. programs help provide people with formal education, training in particular skills, and experience in modern techniques, so that they can contribute to development by using their new knowledge and skills and passing them on to others.

Over the life of A.I.D.'s training programs, more than 150,000 persons have been brought to the United States for training. About 10,000 trainees are slated to be trained in the current fiscal year. Ninety-nine percent of A.I.D.'s trainees have returned to their own countries to assume positions of leadership. In Turkey, for instance, returned A.I.D. participants include the former Prime Minister, cabinet ministers, under secretaries, governors, mayors, judges, members of the national assembly, directors of government enterprises and leaders of labor unions.

3. Research. AID assistance helps solve development problems through research and building research capacity in the developing countries themselves. The FY 1972 appropriation will permit A.I.D. to continue its relatively small scale but significant programs of research in support of two kinds of activity:

- adaptive research aimed at modifying existing knowledge and techniques to make them applicable to the special circumstances of developing countries.
- developing and demonstrating how to put the adaptive research findings into actual operation in specific country situations—given the local resources, skills, policy and cultural constraints.



ALLIANCE FOR PROGRESS TECHNICAL ASSISTANCE GRANTS

Appropriation, 1971.....	\$82, 875, 000
Amended budget estimate, 1972.....	129, 745, 000
Authorization.....	88, 500, 000
House allowance.....	75, 000, 000
Committee recommendation.....	80, 000, 000

The committee recommendation of \$80,000,000 is \$2,875,000 less than the amount appropriated in fiscal 1971, \$49,745,000 under the budget estimate, and \$5,000,000 over the House allowance.

This new obligational authority when added to funds available from reappropriated balances (\$445,000), recoupments (\$3,805,000), and reimbursements (\$300,000) will provide a total of \$84,550,000 to finance this year's program.

To emphasize the special relationship between the U.S. and Latin America, the Congress has authorized, each year since FY 1963, a separate appropriation for technical assistance for the Alliance for Progress. Throughout this period, AID has administered the technical assistance programs for Latin America in the same manner as for the rest of the world, and similar kinds of activities have been undertaken. Assistance priorities in Latin America are examined within the multi-lateral framework of the Inter-American Committee of the Alliance for Progress (CIAP). U.S. technical assistance programs consequently take into account our own priorities, host country needs and priorities, and the contributions of other bilateral and multilateral donors.

The fiscal year 1972 technical assistance program for Latin America as presented to the committee concentrates on education, agriculture,

and population. Emphasis is also given to export development, tourism, and the transfer of scientific and technological knowledge. Many of AID's programs relate in some way to solving the serious problems impeding Latin American development today: the rural-urban imbalance and rapid urbanization.

Partners of the Alliance.—The Partners of the Alliance was established by AID's Bureau for Latin America in March 1964. Since then, forty-two United States state partnerships have been paired with counterparts in nineteen Latin American and Caribbean countries. Together they seek to stimulate and coordinate self-help programs in Latin America's private sector.

The National Association for the Partners of the Alliance (NAPA) has long believed that the Association and the individual member states should rely less on direct government support and more on support for its program activities from private organizations and individuals. As a move toward this goal the NAPA has launched a fund-raising campaign to achieve increased participation and eventual self-sustaining support by the private sector. The 1972 budget request and the planned phasedown of AID support over the next four years permit the Partners organization to meet its current costs and expand its program without sacrificing its program objectives.

During the seven-year period of the Partners Program, material and technical assistance valued at more than \$13.3 million contributed by state partners and \$2.7 by the Agency for International Development has been channeled to the people at the grass-roots level in Latin America. Of these funds, almost \$3 million has gone into education, over \$10 million into public health, and the remainder into agriculture, business, industry, and other programs.

Latin American Scholarship Program of American Universities.—More than 700 Latin American scholars are scheduled to attend American universities in fiscal year 1971–1972 under this program which is administered by the LASPAU, Inc., a voluntary association of 218 United States and 123 Latin American colleges and universities. Participating universities customarily furnish the cost of tuition, the student or his home country contribute the cost of transportation, and all other remaining costs are borne by the LASPAU program financed through Alliance for Progress Technical Assistance. The Committee strongly supports the objectives of this program which is designed to strengthen the teaching and research staffs of Latin American universities by providing advanced training in selected disciplines and administrative functions. It further directs that the total fiscal year 1972 program be maintained at the level of \$2 million which was obligated in fiscal year 1971.

While supporting the over-all program the Committee is disturbed at the inordinately high level of support for individual participants. These allowances substantially exceed funds available to most American students pursuing similar programs of instruction at their own expense. This is illustrated in the proposed student costs budget for 1972 which follows:

LATIN AMERICAN SCHOLARSHIP PROGRAM OF AMERICAN UNIVERSITIES BUDGET FOR FISCAL YEARS 1971-72—
STUDENT COSTS

Number of students	Description	Budget
40 graduating scholars who will receive master's degrees between September 1971 and January 1972.	Fall semester only (September 1971-January 1972), subsistence (\$1,200 per student), insurance and medical (\$88 per student), travel in United States (\$23 per student), books and materials (\$112.50 per student).	\$56,940
476 continuing scholars (from earlier waves: 286 from wave VII: 190).	Academic year (September 1971-June 1972), subsistence (\$2,400 per student), insurance and medical (\$175 per student), travel in United States (\$45 per student), books and materials (\$225 per student), summer school 1972 (250 students at \$500 per student).	1,479,220
210 new scholars	Average English training period (March-August 1971), subsistence (\$1,600 per student), insurance and medical (\$100 per student), travel in United States (\$23 per student), books and materials (\$125 per student).	388,080
726 total scholars, subtotal.		1,924,240
Summer 1972 seminar (80 students)		16,000
Subtotal		1,940,240
Plus	Merit language training scholarships (35 students), international travel (\$325 per student), homestay (\$57 per student).	51,870
Total student costs		1,992,110

The Committee directs that these costs be brought immediately in line with the modest budgets of American students underwriting the costs of their own education and pursuing a comparable course of instruction. The General Accounting Office is hereby directed to make a study to square and compare these student costs and render a report to the Chairman of the Committee's Foreign Operations Subcommittee by May 1, 1972.

POPULATION CONTROL

Appropriation, 1971	(1)
Budget estimate, 1972	
Authorization	(\$125,000,000)
House allowance	50,000,000
Committee recommendation	125,000,000

The committee shares the concern of the Administration and the legislative committees regarding unchecked population growth and assigns a high priority to this important effort. The ramifications of this problem have a retarding effect on all phases of economic development. The broad base of support which this program has been accorded in the past several years has resulted in a widespread and rapid acceleration of action programs designed to reduce population pressures. It is clear, however, that while substantial achievements are being made, most of the work needed to come to grips with this vital issue is still to be done.

It is without question that programs of economic development are minimized by rapid population growth and that the effects of this growth pervade every aspect of life—housing, education, the supply and distribution of food, pollution and destruction of world resources,

¹ \$100 million earmarked and obligated from other appropriations.

employment, rising expectation that remain unfilled, and unrest among the young. It is vital that the impact of high population growth rates on the whole spectrum of economic development must be accurately assessed and clearly understood. Many nations of the world cannot at present provide the resources necessary to meet basic human needs for food, education, shelter and employment. Yet, additional resources must also be found for essential improvements in the levels of living and social services. The acuteness of this problem can perhaps best be illustrated by the Government of India's estimate which indicates that its annual population increase of nearly 15 million demands 12,500 additional schools, 400,000 teachers, 2,500,000 houses and 4,000,000 jobs each year.

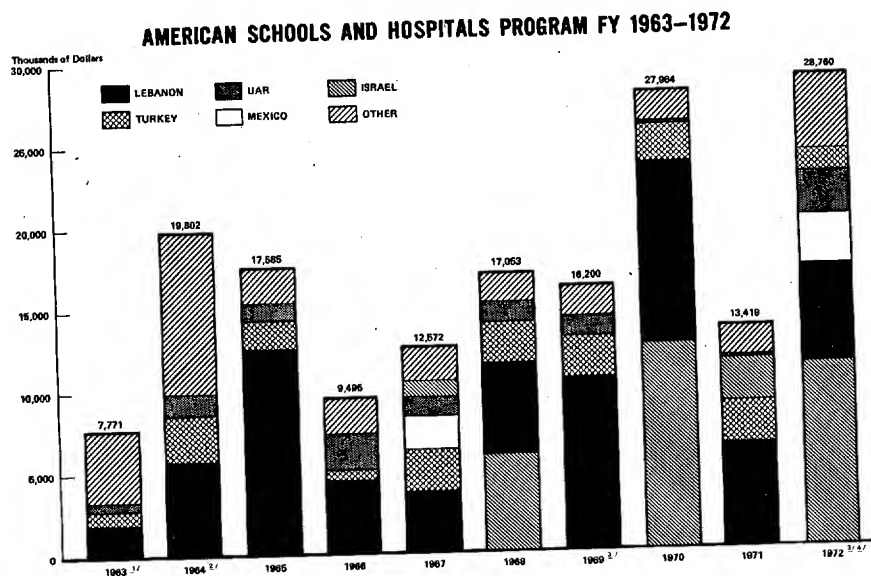
AID has testified that technically and socially the world is now better equipped to deal with this problem than at any time in the past. Recent research has produced new and better methods for contraception and an increasing number of nations have initiated and expanded family planning programs. It is noted that improvement in the world food supply has provided some additional time in which solutions can be found to challenge population growth and the economic and social problems it engenders. It is further noted that the tidal wave of population increase in the less developed countries generated by the precipitous drop in death rates and continued high birth rates provoked accelerated research response during the 1960's, which could lead to substantial progress toward the resolution of the problem in the 1970's.

Population planning assistance is one of AID's newer programs although the Agency and its predecessors have helped on related statistical and health matters for twenty years or more. Population program assistance by AID began in fiscal year 1965 with \$2,000,000; in fiscal year 1966 and 1967, between \$4,000,000 and \$5,000,000 was committed each year. With Congressional earmarking for population-family planning activities, funds used for this program rose to \$35,000,000 in fiscal 1968, \$45,000,000 in fiscal 1969, and \$75,000,000 in fiscal 1970. The fiscal 1971 program totaled \$96,000,000 and the committee recommends a fiscal 1972 program of \$125,000,000. In its illustrative presentation to the committee AID officials have indicated would be allocated as follows:

	Percent
Development of adequate demographic and social data.....	10
Increasing awareness of population dynamics.....	10
Development of adequate means of fertility control.....	7
Development of adequate system for delivering family planning services..	37
Information and education.....	8
Institution building support.....	10
United Nations population program support.....	15
Administrative support.....	3
Total.....	100

Funds for this program have been heretofore earmarked (\$100 million for fiscal year 1971) in the authorization bill. Committee action recognizes House action in breaking the item into an individual appropriation thus hopefully permitting improved management of these resources—this it might be added is clearly needed.

The Committee directs that without exception excess foreign currencies be used to the maximum extent they are available to carry out this program and hereby requests quarterly reports beginning April 1, 1972, from the General Accounting Office indicating the extent to which this is being done to date in fiscal year 1972 and confirming that the Committee's mandate is being carried out in actions taken subsequent to the enactment of this bill.



¹ Other category includes appropriation of \$2,800,000 in excess Polish zlotys.

² Other category includes appropriation of \$3,900,000 in excess Polish zlotys.

³ Portion for U.A.R. includes appropriation of \$1,000,000 in excess Egyptian pounds.

⁴ Other category includes appropriation of requests for the following: Greece (545,000), Honduras (250,000), Project Hope (1,500,000), American hospitals in Rome (315,000), International Eye Foundation (200,000), Panama (1,000,000), Poland (600,000), and Program Support (200,000).

1972 Bar represents budget estimate.

ASSISTANCE TO SCHOOLS AND HOSPITALS ABROAD

Appropriation, 1971	\$12,895,000
Budget estimate, 1972	10,175,000
Authorization	30,000,000
House allowance	17,200,000
Committee recommendation	20,000,000

The committee recommendation of \$20,000,000 is \$7,105,000 more than the amount appropriated in fiscal 1971, \$9,825,000 over the budget estimate, and \$2,800,000 over the House allowance.

Contributions to Schools and Hospitals Abroad began with Section 203 of the Smith-Mundt Act of 1948, which authorized assistance to schools abroad founded by American citizens, and stipulated that the schools must serve as demonstration centers of American methods and practices. A similar provision was included in the Mutual Security Act (Section 400(c)), as amended, of 1957. The program is presently being carried out under Section 214 of the Foreign Assistance Act of 1961. Prior to 1960 the American Schools and Hospitals program was administered in the Bureau of Educational and Cultural Affairs of the Department of State. Since 1960, AID and its predecessor, the International Cooperation Administration (ICA) have managed the program.

The program as originally conceived was to demonstrate American ideas, practices, and advances in the fields of education and medicine rather than provide operational support for institutions whose basic purpose is to furnish general education and welfare services to the citizens of the countries in which they are located. The committee believes that the program should be tied to its demonstration goals and that every effort should be made to give wider and more equitable geographic distribution to the institutions assisted in this year's bill.

In providing funds for a number of American schools and hospitals abroad, the committee has taken cognizance of the total economic relationship between the United States and Israel, and in its view feels that the use of dollars for local currency expenditures for any schools located in Israel will not injure materially the balance of payments of the United States. Therefore, the committee directs the Executive Branch to pay cost and expenses in dollars for the projects funded in Israel and not purchase Israeli pounds from any U.S. Government agency or other accounts of our Government.

The Committee has added the following Amendment to the title I of the bill:

Provided, That only such projects enumerated in the respective reports of the Foreign Affairs Committee of the House of Representatives and the Foreign Relations Committee of the Senate covering authorizing legislation for programs funded hereunder shall be financed out of the funds made available under this head: Provided further, That the maximum amount of funds allocated to any nonbudgeted project shall not exceed \$2,000,000.

There follows a table detailing proposed United States contributions to schools and hospitals abroad:

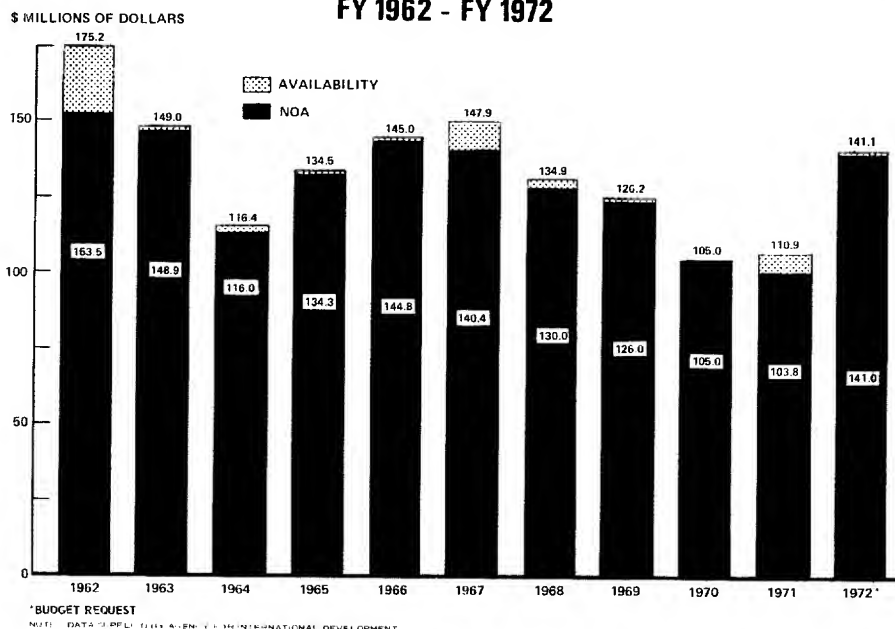
ASSISTANCE TO SCHOOLS AND HOSPITALS ABROAD
(Amounts in thousands of dollars)

Schools and hospitals abroad	Fiscal year 1972 program			
	Fiscal year 1971 program	AID revised program	House/Senate legislative committees recommendations ¹	House appropriation bill
Appropriation.....	12,895	11,125		
Transfer from supporting assistance ²	500			
Unobligated balance brought forward.....	24			
Total availability.....	13,419	11,125		
Additional Projects Recommended for Consideration by Senate Legislative Committee:				
1. Admiral Bristol, Hospital, Istanbul, Turkey.....	50	100	100	
2. American Farm School, Thessaloniki, Greece.....	180	275	275	
3. American Hospital in Rome, Italy.....			315	300
4. American Research Center in Cairo, UAR.....			180	
5. American Research Hospital for Children, Krakow, Poland.....			600	
6. American University of Beirut, Lebanon.....	6,300	6,000	6,000	6,000
7. American University in Cairo, UAR.....	200	500	1,450	
8. Anatolia College, Thessaloniki, Greece.....		200	200	
9. Athens College, Athens, Greece.....			70	
10. Bayit Leplelot Girls School, Israel.....			250	
11. Beit Upanah Teachers College, Israel.....			250	
12. Beth Yaakov Avat Girls School, Ramat Dan, Israel.....			2,000	
13. Beth Zeiroth Mizrahi Schools, Israel.....			500	
14. Cairo American College, UAR.....			1,000	
15. Educational Center for Galilee, Rachasim, Israel.....		400	400	
16. Escuela Agricola Panamericana, Honduras.....	200	250	250	
17. Feinberg Graduate School of Weizmann Institute, Israel.....	500		3,700	1,500
18. Gorgas Memorial Institute, Panama.....			1,000	
19. Igud Leiluf Hanoar—Israel.....	750			
20. International Eye Foundation, New York.....	200		200	
21. Jerusalem College, Israel.....			2,000	
22. Kolel Shomre Rachomos (Home and Hospital for the Aged), Israel.....		400	400	
23. Lanladd Hospital, Kiryat Sanz, Israel.....		150	150	
24. Or Hachayim—Israel.....	500			
25. Pierce College, Athens, Greece.....	30			
26. Project HOPE.....	1,000	1,500	1,500	1,500
27. Ramat Havraah—Israel (Hospital and Home for Aged).....	500			
28. Robert College, Istanbul, Turkey.....	2,600	1,200	1,200	1,000
29. Schutz American School in Alexandria, U.A.R.....			70	
30. Sde Schemed Vocational School, Israel.....	250		250	
31. Shaarei Zedek Hospital, Israel.....			250	
32. Teachers Training Institute, Kiryat Yearim, Jerusalem, Israel.....			1,000	
33. University of the Americas, Pueblo, Mexico.....			3,000	1,500
34. Program support.....	159	150	200	200
Unallocated funds appropriated ³				5,200
Subtotal, House additional projects.....			28,760	
Additional Projects Recommended for Consideration by Senate Legislative Committee:				
1. Beth-Avoth American Geriatric Center.....			1,200	
2. Beth Rivka Comprehensive School for Girls.....			1,500	
3. Technion, The Israel Institute of Technology.....			4,000	
4. Musa Alami Foundation of Jericho.....			200	
5. Kiriath Noar-A "Boys Town" type school for orphaned boys.....			500	
6. University of Pittsburgh-Haifa University Cooperative Study Program.....			2,000	
7. Cefardic Vocational College for Girls.....			300	
8. Tom School.....			1,000	
9. Ch'san Sofer Chasan Yeveshel Institute.....			350	
10. Shaari Zedek Hospital.....			750	
11. Betsefer Miksoi Tichoni Lemechonout Rechev U.M.....			840	
12. Hebrew Union College Biblical and Archaeological School in Jerusalem.....			979	
13. Shoken Institute for Jewish Research in Jerusalem.....			1,000	
Total, Senate additional projects.....			14,619	
Total program.....	13,419	11,125	43,379	17,200

¹ Institutions listed in this column include those for which funds were requested by AID plus funds for other institutions recommended by the House and the Senate Legislative Committees.

² In addition to \$500,000 appropriated, \$500,000 transferred by Presidential determination from supporting assistance to Project HOPE.

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS FY 1962 - FY 1972



CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Appropriation, 1971.....	\$103,810,000
Budget estimate, 1972.....	141,000,000
Authorization.....	138,000,000
House allowance.....	41,000,000
Committee recommendation.....	138,000,000

The committee recommendation of \$138,000,000 is \$34,190,000 more than the amount appropriated in fiscal 1971, \$3,000,000 under the budget estimate, and \$97,000,000 over the House allowance.

The Committee contemplates that other countries will increase their contributions to International Organizations for Economic Assistance coupled with a more realistic effort on their part to provide for their multilateral and their individual defense.

The United States shares in the costs of United Nations operations through assessed payments (31.5 percent of total) and voluntary contributions (varying between 10 and 55 percent of the total indi-

vidual programs and agencies). Assessed payments are authorized and appropriated to the Department of State and voluntary contributions are authorized by the Foreign Assistance Act and appropriated in this bill.

As justified to the committee multilateral assistance programs have a number of advantages:

- they promote a wider sharing of the burden of development assistance;
- they reduce the political friction that can arise from reliance on bilateral contacts in the most sensitive affairs of nations, such as population and family planning, the production of and traffic in dangerous drugs, and surveys of minerals with strategic implications;
- they enhance the effectiveness of the world development effort by providing for the pooling of knowledge and expertise for solving development problems;
- they can operate in areas of political tension such as the Middle East, where individual nations are often unable to function, even in providing essential humanitarian assistance.

Over two-thirds of the funds for international organizations will go to the United Nations Development Fund (UNDP). Created in 1965 to replace predecessor agencies, including the UN Special Fund, dating back to 1950, the UNDP is the world's principal program of multilateral technical assistance. It finances surveys to attract investment capital, provides aid for development of institutions for economic and social growth, and furnishes technical advice. The UNDP is also the hub in the United Nations system for all technical assistance activities and actually administers over 70 percent of the technical assistance funds expended by all agencies in the United Nations system.

After the UNDP, the next largest recipient of United States voluntary contributions to International Organizations is to the United Nations Children's Fund (UNICEF). This well known United Nations agency acts primarily as a catalyst, encouraging and stimulating efforts by the developing countries on behalf of their children and providing aid for programs which have a multiplier effect by reinforcing and spurring other elements in social and economic development. Cash contributions from 124 governments to UNICEF's general resources in 1970 amounted to \$33.6 million, of which \$13 million (limited to 40 percent) was contributed by the United States. Additionally, however, \$8.7 million was contributed by governments for

specific projects, including \$4.2 million from the United States for disaster relief assistance in Nigeria and East Pakistan. During 1970 the United States also transferred foodstuffs to UNICEF valued at \$6.4 million for ongoing nutrition programs and emergency relief in Nigeria; these commodities were made available under Public Law 480. Additional income is also realized by UNICEF from non-governmental sources, through greeting card sales and public collections; United States non-governmental sources contributed \$6.4 million in 1970.

The main fields in which UNICEF assists 112 countries and territories are health services, nutrition, education, vocational training, family and child welfare, multi-purpose services, and emergency aid.

Created in 1949, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides food, housing, schooling, and health services for Arab refugees of the 1948-49 Arab-Israel conflict and, on a temporary basis, for some of the refugees of the 1967 war. United States support for UNRWA helps meet the humanitarian needs of a refugee population which at the end of 1970 numbered approximately 1,436,829 (of whom over 800,000 were receiving rations from UNRWA). These people are distributed as follows: East Bank of Jordan, 517,136; Israeli-occupied West Bank of Jordan, 269,996; Israeli-occupied Gaza strip, 312,922; Lebanon, 176,896; and Syria, 159,879.

The United States contributed \$22.2 million to UNRWA's regular budget of approximately \$48 million for FY 1970 and 1971—\$13.3 million in dollars and U.S.-owned excess currencies and \$8.9 million in commodities available under P.L. 480. For FY 1972 a contribution at the same level and with the same division between cash and commodities is proposed under the appropriation for voluntary contributions to International Organizations. As in previous years the U.S. contributions provide no more than 70% of total government contributions. As other governments' support of UNRWA has increased, the U.S. share has been proportionately reduced from 70% to about 55% in the present bill.

The committee directs that the total U.S. contribution to the International Atomic Energy Agency (IAEA), including the value of in-kind contributions, not exceed 31.5 percentum (the basis of the assessed contribution of the total actually paid in or delivered. This limitation should be strictly applied first to the cash contribution to insure that the intent of the committee is carried out. The committee hereby directs the General Accounting Office to monitor these payments and report any variance to the Chairman of the Foreign Operations Subcommittee.

The committee has earmarked \$15 million of this appropriation for the United Nations Children's Fund.

PROPOSED VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS, FISCAL YEAR 1972

[Amounts in thousands of dollars]

Appropriation and program	Executive branch request			
	Amount	Maximum percent	Total contributions (estimate)	U.S. percent of total (estimate)
	(1)	(2)	(3)	(4)
United Nations development program.....	100,000	40.00	280,000	35.71
United Nations Children's Fund:				
Total.....	15,886		42,190	37.65
Cash.....	13,000	40.00	38,690	33.60
Public Law 480 commodities.....	2,886	(?)	3,500	
U.N. fund for population activities.....	7,500	50.00	15,000	50.00
U.N. fund for drug abuse control.....	2,000	(?)	2,600	78.00
IAEA operational program:				
Total.....	1,550		3,875	40.00
Cash.....	945	40.00	2,363	40.00
In kind.....	605	(?)	1,512	40.00
WMO voluntary assistance program:				
Total.....	1,500		5,000	30.00
Cash.....	150	40.00	513	29.20
In kind.....	1,350	(?)	4,487	30.00
U.N./FAO world food program:				
Total.....	51,000		100,000	51.00
Cash.....	1,500		15,000	
Public Law 480 commodities ²	35,500	50.00	71,000	
Public Law 480 shipping.....	14,000	(?)	14,000	
U.N. Institute for Training and Research.....	400	40.00	1,450	⁵ 27.58
WHO medical research.....	312	14.26	2,188	14.26
International secretariat for volunteer service:				
Total.....	100		421	23.75
Cash.....	73	28.00	261	28.00
Detailed personnel.....	27	(?)	120	22.50
Rent.....		(?)	40	
U.N. Relief and Works Agency:				
Total.....	(22,200)	70.00	40,363	55.00
Cash.....	13,300			
Public Law 480 commodities ³	(8,900)			
Total (NOA) request.....	141,135			
Total including in kind contributions.....	(202,448)			

¹ Valued at cost to CCC.² No matching formula proposed.³ Market value.⁴ U.S. pledged shipping to move U.S. commodities; \$14,000,000 is present estimate of shipping costs.⁵ U.S. cumulative share—33.3 percent.

Note: Data shown in cols. 3-6 are based on present estimates of contributions by other countries for fiscal periods which in most cases will end Dec. 31, 1972.

In an effort to update the information received in hearings last June and better understand the financial requirements and scheduling of the United Nations development program, the committee requested additional information which was furnished by the International Organizations Bureau of the Department of State. Extracts of this document are reprinted below for the information of the Senate:

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)
FUNDING AND EXPENDITURES

At its session in June 1970, the Governing Council of UNDP changed its previous policy with regard to programming and financial management in response to the "Jackson Capacity Study" which had made an unprecedented, in-depth review of the United Nations development aid system. The Council decided that the program had (after about 10 years of activity) reached a stage of stability and promise which permitted introduction of a different system for funding of large-scale projects. Previously, such projects had been fully funded at the time of approval of the project and had been drawn upon as the project progressed. The new arrangement, under which program planning is undertaken five years in advance but specific projects are funded annually, released an amount of \$193 million as of January 1, 1971 for temporary augmentation of the program beyond the scope covered by regular annual contributions. The Council expressed its hope and expectation that this added input could be spread over a few years after which the increase in contributions would have reached an amount permitting the maintenance of the higher expenditure level.

The Administrator asked the Governing Council to consider thoroughly the problem of safeguarding against all eventualities which can arise in a growing, worldwide program. After considering the various related problems in detail, the Council unanimously agreed that a safeguard was needed and that this should take the form of a working capital fund, to be called the Operational Reserve, at a level of \$150 million. Included in this working capital fund is also the amount which will be needed to meet normal operational expenditures, particularly early in each year before receipt of annual contributions.

After establishing the Operational Reserve, the Governing Council decided that the remaining \$193 million freed by the departure from the system of full project funding should be phased into operational use in the years 1971 through 1976 and that this should be accomplished in a way so that steady program growth could be assured. It now appears that faster expenditure and lower contributions than anticipated *will require use of all these funds by early 1974* and that the present pace of the program must then diminish substantially unless large additional contributions are forthcoming. This is shown in the table below.

Under the new system of programming and financing, the Council plans future operations in 5-year segments. Thus at the moment the period 1973 to 1977 is being reviewed. On the basis of a Council-approved estimate of an increase in contributions of 9.6 per cent each year, and planning on the use of \$82.3 million still remaining from the funds released after departure from full funding, the expected resources for 1973-1977 will be \$1,967.6 million. Against this will be an anticipated outgo of \$2,019.2 million, leaving a potential

deficit of \$51.6 million unless additional contributions can be secured. Failure of the United States to pledge would raise this potential deficit to approximately \$150 million. *The actual effect of failure to pledge, or to sharply reduce the pledge, would be to require the Council to completely re-plan the forthcoming 5-year period. Steps would have to be taken to cut back expenditures commencing this year, through reduction in ongoing project activity and cancellation of planned projects. Indicative Planning Figures already announced to all recipient governments for the 1973-1977 period would then have to be revised downward sharply.*

UNDP RESOURCES AND PROGRAM COSTS 1968-77¹

[In millions of dollars]

Period	Income	Program costs	Expenditure versus income
1968.....	206.6	202.5	4.1
1969.....	227.1	232.9	(5.8)
1970.....	252.1	257.3	(5.2)
1971.....	264.9	308.3	(43.4)
1972.....	291.5	359.1	(67.6)
1973.....	316.4	377.7	(61.3)
1974.....	343.8	391.2	(47.4)
1975.....	373.8	404.1	(30.3)
1976.....	407.3	424.7	(17.4)
1977.....	444.0	421.5	22.5
Total.....	3,127.5	3,379.3	(251.8)

¹ Period 1971-77 estimated.

INDUS BASIN DEVELOPMENT FUND—GRANTS

Appropriation, 1971.....	\$4,925,000
Budget estimate, 1972.....	15,000,000
Authorization.....	15,000,000
House allowance.....	7,500,000
Committee recommendation.....	15,000,000

The committee recommendation of \$15,000,000 is \$10,075,000 more than the amount appropriated in fiscal 1971, the same as the budget estimate, and \$7,500,000 over the House allowance.

INDUS BASIN DEVELOPMENT FUND—LOANS

Appropriation, 1971.....	\$6,980,000
Budget estimate, 1972.....	12,000,000
House allowance.....	6,000,000
Committee recommendation.....	12,000,000

The committee recommendation of \$12,000,000 is \$5,020,000 more than the amount appropriated in fiscal 1971, the same as the budget estimate, and \$6,000,000 over the House allowance.

In 1960, India and Pakistan agreed by Treaty to allocation of waters from the Indus Basin river system which traverses their mutual border in the area around Lahore, West Pakistan. The United States, in consortium with the World Bank and several other countries, agreed to provide financing for the development of the Indus River Basin in Pakistan. A system of canal works in the Indus Basin, including

a major dam at Mangla, was provided for in the Indus Basin Development Fund (IBDF) agreements concluded in 1960 and 1964. A second dam at Tarbela was provided for in an agreement concluded in 1968.

The United States total dollar commitment to development of the Basin is \$416.8 million (\$295.6 million in grants and \$121.2 in loans) or 41 percent of the total contribution from the consortium members. About three-fourths of the total had been called forward by the World Bank and obligated as of June 30, 1971. The construction phase of the original Indus Basin Project was completed last year; now only various maintenance and remedial works remain for the completion of the canal works.

Of the \$105.0 million balance not yet requested from the United States, \$71.4 million is on grant basis and \$33.7 million on loan basis. The bulk of U.S. funds called by the World Bank this year and in the future will finance the construction of Tarbela Dam which has now been resumed and proceeding. The Committee is advised that any shortfall in contributions to the Fund jeopardizes the construction schedule and risks an increase in construction costs, and if work is suspended, contractor cancellation fees.

CONTINGENCY FUND

Appropriation, 1971.....	\$22, 500, 000
Amended Budget estimate, 1972.....	100, 000, 000
Authorization.....	30, 000, 000
House allowance.....	30, 000, 000
Committee recommendation.....	30, 000, 000

The committee recommendation of \$30,000,000 is \$7,500,000 more than the amount appropriated in fiscal 1971, \$70,000,000 under the budget estimate, and the same as the House allowance.

The Contingency Fund is used for assistance requirements which are unforeseen or undetermined at the time the budget is submitted to the Congress. In the past it has been used primarily for security assistance purposes and for disaster relief and rehabilitation. It can, however, be used to fill emergency requirements for military grant assistance as well.

This new obligational authority when added to funds available from reappropriated balances (\$466,000) and recoupments (\$1,300,000), will provide a total of \$31,766,000 to finance this year's program.

CONTINGENCY FUND USES

[In millions of dollars]

	1967	1968	1969	1970	1971 (estimate)
Disaster relief and reconstruction.....	4	2	4	18	22
Security assistance.....	39	19	3	1	
Development assistance.....	5	6	6		
Other.....	1			3	4
Total.....	50	28	14	28	26

During fiscal year 1971:

- The Contingency Fund provided slightly over \$1,000,000 for disaster relief in response to floods in Malaysia, Colombia, Costa Rica, and Romania.
- In the Philippines, \$248,000 was spent on disaster relief during a severe typhoon, and another \$1.5 million was used for school reconstruction to repair the damage from the typhoon.
- \$7.5 million was used in East Pakistan to provide relief to victims of the cyclone and tidal bore, and another \$1 million was used in East Pakistan for victims of the civil strife there.
- \$7 million was provided to the UN High Commissioner on Refugees for East Pakistani refugees in India.
- In Ecuador, \$70,000 was used to relieve the suffering after an earthquake.
- Over \$4 million was used in Jordan for emergency relief and rehabilitation following civil disturbances caused by the Palestinian commandoes in September.
- \$1 million was provided to the International Red Cross.
- \$310,000 was also given to the World Health Organization for use in combating cholera epidemics.
- Smaller amounts were contributed through the Ambassador's relief fund in some twenty countries in response to need caused by floods, drought, and disease.

Similar uses were made of the Contingency Fund in previous years. Major expenditures in FY 1970 included \$7.4 million after the earthquake in Peru, \$2 million for the Nigerian international relief effort, and \$1 million to Mexico for narcotics control. Examples of other uses were \$7 million to Indonesia in FY 1967 for commodity financing to relieve short term financial difficulties, \$5 million in FY 1967 to the Dominican Republic for emergency public works and urban improvement to prevent unrest, \$4.8 million in FY 1968 for support of the United Nations force in Cyprus, and \$2,705,000 in FY 1969 for the U.S. share of a share of a shortfall in funding the multilateral Nam Ngum dam project in Laos.

REFUGEE RELIEF ASSISTANCE

(EAST PAKISTAN REFUGEES)

Appropriation, 1971.....	None
Amended budget estimate, 1972.....	\$250, 000, 000
Authorization.....	250, 000, 000
House allowance.....	175, 000, 000
Committee recommendation.....	175, 000, 000

The committee recommendation of \$175,000,000 is \$75,000,000 under the budget estimate and the same as the House allowance.

The committee notes the war between India and Pakistan during December 1971 changed the basis for humanitarian relief, but leaves relief requirements of considerable magnitude.

With the rapid return of refugees to East Bengal, the future requirements for refugee care within India are declining rapidly. The return, on the other hand, increases the relief and rehabilitation requirement in East Bengal. Conservative observations suggest that, for every refugee who left destitute, a person remained in the area, uprooted from his home and frequently with home, property, clothes and tools

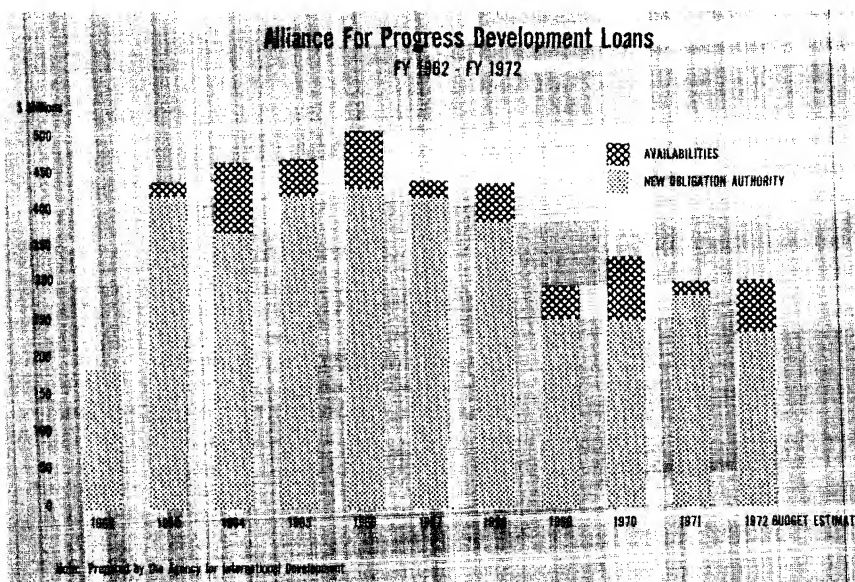
destroyed. In addition, there has been extensive damage to or destruction of roads, bridges, schools, hospitals, water systems, markets and factories.

Although there have been higher, and not necessarily invalid, estimates, the committee is advised the U.S. Government relief effort is being planned currently on the basis of multinational relief costs in the magnitude of \$650 million. The United Nations, which has returned some 50 personnel to Dacca, and the World Bank are examining actual needs and looking into the feasibility of administering an international relief effort.

The committee supports U.S. participation in this humanitarian endeavor; however, it strongly believes a "fair share" for the United States (including Public Law 480 and in kind contributions) should not exceed one-third of the total worldwide program. The committee hereby requests the General Accounting Office to compute total U.S. contributions, relate it to the worldwide total and furnish the Chairman of the Committee's Foreign Operations Subcommittee with a report by May 1, 1972.

The committee recommends an appropriation of \$175 million for South Asia refugee relief, the same amount as is recommended in the House bill. Deducting obligations of \$27.7 million already incurred during this fiscal year, the remaining balance of \$147.3 million would enable the United States to provide a substantial share of present refugee needs.

The immediate food situation in East Bengal is reported to be not critical because of the good rice crop just harvested, and because of stocks available at the two ports from either relief shipments.



DEVELOPMENT LOANS
(ALLIANCE FOR PROGRESS)

Appropriation, 1971.....	\$287, 500, 000
Budget estimate, 1972.....	235, 000, 000
Authorization.....	206, 500, 000
House allowance.....	150, 000, 000
Committee recommendation.....	50, 000, 000

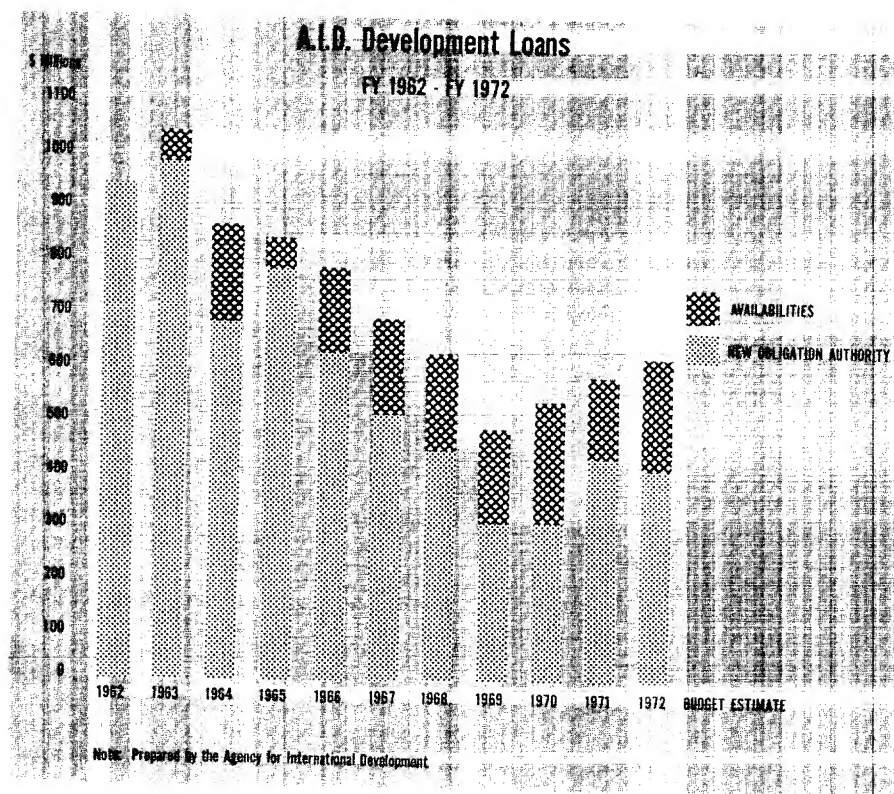
The committee recommendation of \$50,000,000 is \$237,500,000 less than the amount appropriated in fiscal 1971, \$185,000,000 under the budget estimate, and \$100,000,000 under the House allowance.

This new obligational authority when added to funds available from reappropriated balances (\$1,493,000), recoupments (\$38,410,000), and reimbursements (\$36,790,000) will provide a total of \$126,693,000 to finance this year's program.

To emphasize the special relationship between the United States and Latin America, the Congress has authorized, each year since fiscal year 1963, a separate appropriation for development loans for the Alliance for Progress. Throughout this period, development loans for Latin America have been administered by AID in the same manner and on the same terms as AID loans for the rest of the world. In recent years the AID loans to Latin America have decreased only slightly relative to loans of the Inter-American Development Bank and the International Bank for Reconstruction and Development.

AID's loan program for Latin America has tended to move away from project and program loans into economic sector loans. Currently accounting for over one-third of AID's development lending in Latin America, sector loans provide needed resources to help a government carry out an integrated program in a specific field of activity—such as agriculture or education.

Through both its project and sector lending in Latin America, AID is the principal lending agency for programs of innovation and institution building in agriculture and education, programs geared to strengthening the human rather than physical infrastructure—people, institutions and knowledge. While both the IDB and the World Bank have become somewhat more active in these areas in recent years, the bulk of their loans continues to be in physical infrastructure, especially transportation and power.



DEVELOPMENT LOANS

(OTHER THAN ALLIANCE FOR PROGRESS)

Appropriation, 1971.....	\$420, 000, 000
Budget estimate, 1972.....	400, 000, 000
Authorization.....	250, 000, 000
House allowance.....	250, 000, 000
Committee recommendation.....	150, 000, 000

The committee recommendation of \$150,000,000 is \$270,000,000 less than the amount appropriated in fiscal 1971, \$250,000,000 under the budget estimate, and \$100,000,000 under the House allowance.

This new obligational authority when added to funds available from reappropriated balances (\$75,479,000), recoupments (\$49,705,000), and reimbursements (\$155,595,000) will provide a total of 430,779,000 to finance this year's program.

Development loans were justified to the committee as providing resources needed to support the self-help efforts of recipient countries and underwrite the successful planning and execution of their development programs. Prior to 1961, under the Development Loan Fund, U.S. development loans were repaid in local currency. This led to an accumulation of U.S. local currency holdings and placed little incentive on the recipient government to discipline its financial

policies. Since the passage of the Foreign Assistance Act in 1961, all AID development loans have been repayable in dollars. Congress has increased the terms of development loans on four occasions from a low of $\frac{3}{4}$ of one percent in 1961 with no interest during a ten year grace period to the current rate of 2 percent interest during the ten year grace period and a minimum of 3 percent for the remaining 30 years during which the principal is repaid.

Funds derived from development loans finance the commodities and technical services necessary for the construction of essential facilities, such as schools, clinics, roads, dams and irrigation facilities and factories, and the import of a wide range of products such as fertilizer, farm equipment, chemical products, iron and steel products, motor vehicles, industrial and electrical machinery, petroleum, and other products.

It is stated that loans can have an impact on the borrower's development greater than the actual amount of capital lent might suggest. Backed by loan funds, recipient countries are able to introduce new policies for more effective use of all resources, control inflation, remove import restrictions, expand investment opportunities for private enterprise, and reallocate funds to emphasize vital sectors such as education, agriculture, and population. U.S. loans may also stimulate the flow of resources from other bilateral and international lending agencies.

Development loans are of three types—project loans, program loans, and economic sector loans:

- Project loans finance a specific undertaking such as a fertilizer plant, a power dam, or a road.
- Program loans finance the purchase of U.S. goods such as fertilizer, machinery raw materials, and spare parts needed for industrial and agricultural development, and are desirably associated with fiscal, monetary, or import reforms or with other self-help steps affecting the overall economy.
- Economic sector loans are a type of development loan assistance used in recent years which when closely coordinated with technical assistance are designed to spur the development of a particular economic sector such as agriculture or education.

In the early 1960's large infrastructure investments—transportation, communication, power, and industry—were emphasized and received most of the loan funds. In recent years there has been a dramatic shift towards programs designed to develop human resources. Such a shift was possible partially because of increased concentration of infrastructure lending by the international financial institutions.

U.S. bilateral development lending is increasingly coordinated with other donors. The United States belongs to seventeen aid coordinating groups, of which twelve are led by the World Bank. Approximately two-thirds of AID's development loans are to countries where aid coordinating and consultative groups now exist. Thus AID loans represent just one part of a coordinated capital input by numerous bilateral and multilateral donors. The committee notes that, considering the substantial increases in U.S. contributions to international financial institutions, the AID loan program considered alone does not begin to reflect the full extent of U.S. participation.

AGENCY FOR INTERNATIONAL DEVELOPMENT, ADMINISTRATIVE EXPENSES

Appropriation, 1971	\$51, 000, 000
Amended budget estimate, 1972	60, 200, 000
Authorization	50, 000, 000
House allowance	54, 600, 000
Committee recommendation	50, 000, 000

The committee recommendation of \$50,000,000 is \$1,000,000 less than the amount appropriated in fiscal 1971, \$10,200,000 under the budget estimate, and \$4,600,000 under the House allowance.

These administrative funds are used for the direction and supervision of the program in Washington and overseas. They are sought to pay the costs of establishing program policies and standards; planning, supervising, and reviewing the implementation of these policies; and providing such essential management services as accounting, inspection, auditing, personnel administration, management analysis, and administrative support. Of the \$9.2 million increase over 1971, 89 percent is to pay for salary increases and 11 percent for other administrative increases.

While AID's stated intention is to reduce the number of operating officials overseas, it also advises that these reductions will not substantially affect the required number of management personnel. In fact, it is claimed that fewer overseas operating officials and greater use of contract personnel increase the need for auditing, inspection, planning and other management fields.

AID's audit staff has increased from 180 in December 1969 to 212 in June 1971. The Agency will persist in its efforts to improve other financial and management functions essential for the prudent conduct of its programs.

It should be noted that the appropriation for AID's Administrative Expenses reflects only a relatively small portion of its total personnel compensation costs. Certain selected data relating to total personnel, pay grades, etc., is presented in the following ten-year table:

AGENCY FOR INTERNATIONAL DEVELOPMENT: PERSONNEL—COMPENSATION—PROGRAMS

Fiscal year	Total personnel compensation ¹ (millions)	Total number personnel ²	United States General Service		United States Foreign Service Reserve		United States others and Foreign nationals ⁴	Total AID program (millions)
			Number	Grade average	Number	Grade average		
1961.....	\$68.6	14,584	N.A.	9.1	N.A.	4.1	N.A.	\$2,080
1962.....	71.8	15,264	N.A.	9.6	N.A.	4.0	N.A.	2,419
1963.....	80.5	16,636	2,204	9.5	3,605	3.9	10,827	2,432
1964.....	84.4	15,437	2,398	9.4	3,422	3.8	9,617	2,406
1965.....	89.8	14,713	2,526	9.4	3,355	3.7	8,832	2,178
1966.....	93.4	14,892	2,811	9.1	3,561	3.9	8,520	2,665
1967.....	110.3	16,713	3,092	9.0	4,493	4.3	9,128	2,459
1968.....	128.4	17,569	2,917	9.1	4,662	4.0	9,990	2,212
1969.....	124.9	15,753	2,507	9.0	4,221	4.1	9,025	1,724
1970.....	127.8	14,486	2,634	8.9	3,090	3.9	7,943	1,878
1971.....	120.0	13,477	2,498	8.9	3,670	3.9	7,309	1,928
1972 ^a	115.0	12,400	2,404	8.9	3,534	3.9	6,462	2,446

¹ Total compensation paid from United States appropriated funds. Excludes amounts paid foreign nationals from country owned trust funds.

² Includes foreign nationals paid from country owned trust funds.

³ Estimate.

⁴ Included in U.S. Others are the foreign service staff employees, executive and excepted appointees, and wage board employees.

DEPARTMENT OF STATE ADMINISTRATIVE EXPENSES

Appropriation, 1971 -----	\$4, 100, 000
Amended budget estimate, 1972 -----	4, 555, 000
Authorization -----	(indefinite)
House allowance -----	4, 255, 000
Committee recommendation -----	4, 221, 000

The committee recommendation of \$4,221,000 is \$121,000 more than the amount appropriated in fiscal 1971, \$334,000 under the budget estimate, and \$34,000 under the House allowance.

Several missions and activities of the Department of State are funded by this appropriation. The Committee recommends the following allocation:

U.S. Mission to the North Atlantic Treaty Organization (USNATO)—\$1,737,000. This allocation provides for salaries, administrative support and travel of the United States ambassador to NATO's forty-four man staff. The United States Mission to the North Atlantic Treaty Organization provides over-all assistance in the co-operative efforts of the NATO countries in planning and providing for the defense of NATO.

U.S. Mission to the Organization for Economic Cooperation and Development (OECD)—\$1,145,000. This allocation will provide for salaries, administrative support and travel of the United States ambassador to OECD's twenty-six man staff. The stated purpose of this staff is to coordinate U.S. aid efforts with international organizations and discuss with other governments our economic policies and programs. The OECD goal of achieving the highest sustainable economic growth and employment and a rising standard of living in member countries while maintaining financial stability, is comprised of the industrial nations of Western Europe plus Canada, the United States, Japan and Australia.

Mutual Defense Assistance Control Act (Battle Act) (MDAC)—\$1,134,000.—This allocation is for salaries, administrative support and travel of State Department personnel responsible for administering the Mutual Defense Assistance Control Act. The program is directly related to the overall defense efforts of the United States. Its purpose is to prevent the shipment of strategic items to nations threatening the security of the United States. The Department of State determines the commodities to be included on "Battle Act" lists; makes reports on shipments; coordinates activities concerned with security trade contracts; conducts negotiations; makes recommendations to the President on termination of assistance to countries who are violating trade controls.

Military Assistance and Arms Sales Supervision Function (MAASS)—\$205,000.—This allocation is for salaries, administrative support and travel of State Department officials charged with coordinating and giving general direction of programs authorized by the Foreign Assistance Act and the Foreign Military Sales Act. It is the responsibility of personnel assigned to this office to provide continuing foreign policy control over the level and character of world-wide United States military assistance and sales programs.

MILITARY ASSISTANCE

(GRANTS)

Appropriation, 1971.....	\$690,000,000
Budget estimate, 1972.....	705,000,000
Authorization	500,000,000
House allowance.....	552,000,000
Committee recommendation.....	350,000,000

The committee recommends \$350,000,000 in new obligational authority. This amount is \$340,000,000 less than the amount appropriated in fiscal 1971, \$355,000,000 under the budget estimate, and \$202,000,000 under the House allowance.

This new obligational authority when added to funds available from reappropriated balances (\$4 million), recoupments (\$18.5 million), and reimbursements (\$4 million) will provide a total of \$376,500,000 to finance this year's program.

The committee notes that only a small portion of United States military assistance to foreign nations is funded by this appropriations bill. If the cost of maintaining United States forces abroad is considered, assistance provided in this bill becomes only a miniscule part of a total reaching into tens of millions of dollars. It is, in fact, barely one-fourth of direct United States assistance to foreign nations when Military Assistance Service Funded, military construction overseas, direct grants of military equipment both within and outside the Foreign Assistance Act, and other programs such as Export-Import Bank financing and ship loans are considered.

In prior years with the security classification of the amounts of proposed country programs, the committee has largely confined its action on military grant assistance to establishing an over-all program level. It is readily apparent that such action gives the Congress no control and little opportunity for directing the manner in which the funds will ultimately be allocated and used. This is especially true considering the broad authority granted the Executive Branch to shift programs, personnel and funds within the appropriation, and the long pipeline with cumulative undelivered balances as large or larger than a full year program.

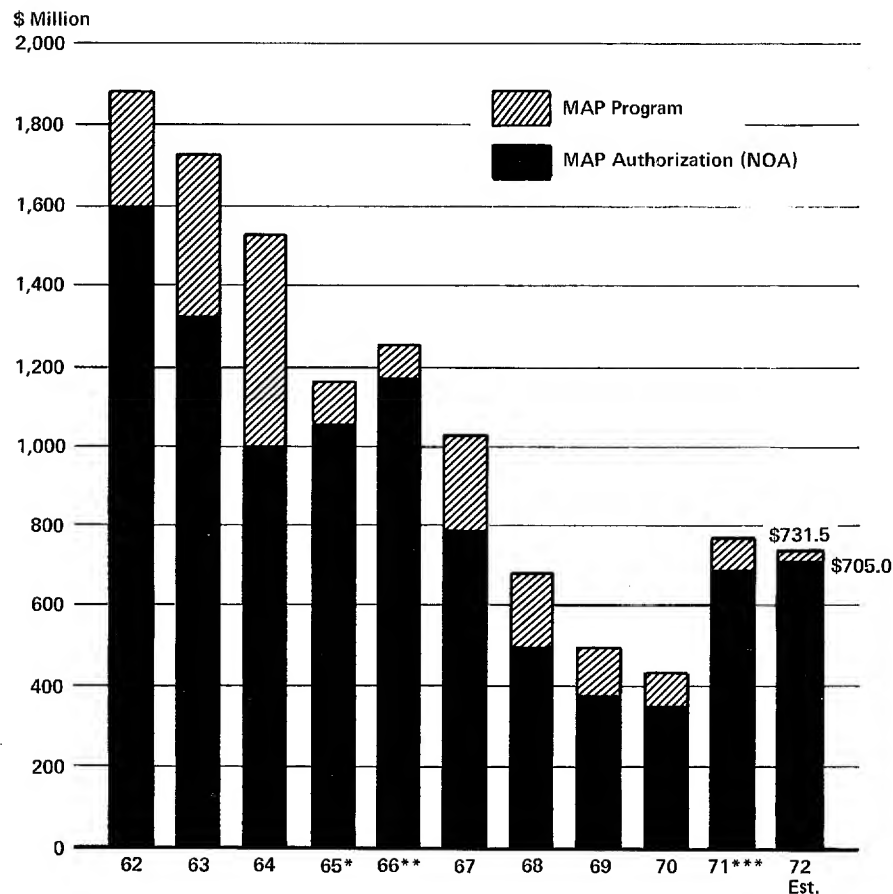
This year, at the insistence of the Chairman of the Foreign Operations Subcommittee, the level of the proposed country programs is publicly available for all but five countries whose figures remain classified. It had been the intent of the committee to sharply curtail the number of countries receiving these funds from over fifty to twelve and establish a dollar ceiling for each of these. In view of the fact that over seven months of the fiscal year have passed, this was not considered feasible for fiscal year 1972, but is proposed for fiscal year 1973. The committee sees no compelling reason to continue this program on such a widespread basis and can foresee a number of advantages for curtailing it.

Unfortunately, because of the remnants of the old policy of classifying proposed current year programs by country, this report cannot carry a full and meaningful table reflecting this information. It is, however, readily available to individual senators on a classified basis. Information indicating our broadly based military grant program is, however, partially reflected in the number, location and costs of our

Military Assistance Advisory Groups and Milgroups. A total of over \$18 million in funds from the military assistance program is utilized to fund these activities in 46 countries of the world. There follows a listing of these by country with a breakdown of the funding of their operations, together with a listing of the number of United States and local personnel assigned to them:

There follows a ten-year graph reflecting the level of only that relatively small portion of foreign military assistance funded in this bill:

MILITARY ASSISTANCE PROGRAMS

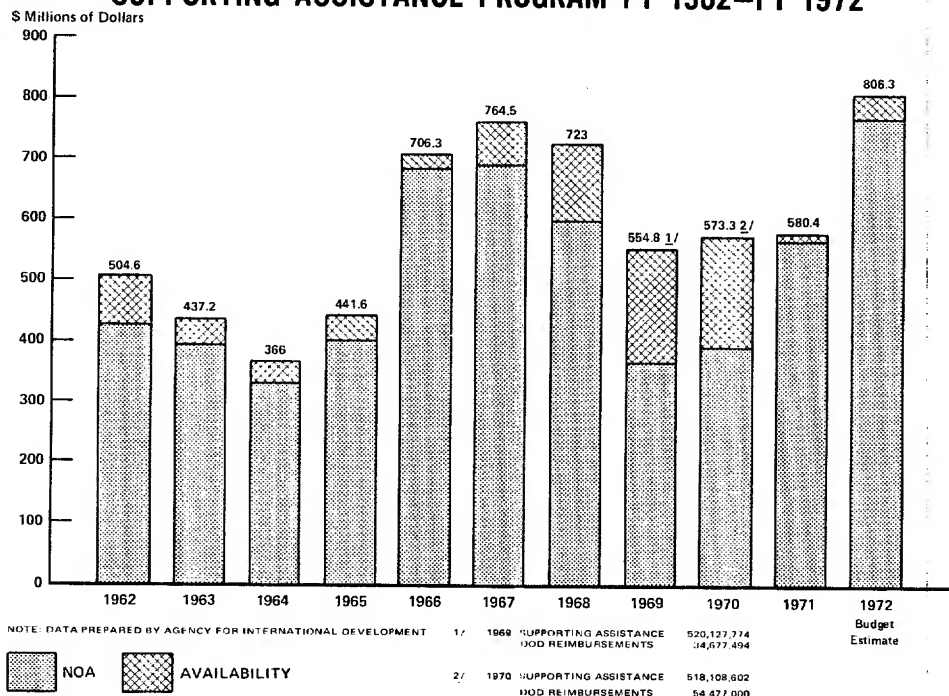


* Does not include \$75 million for liquidation of obligations and/or reservations incurred pursuant to authority in Sec. 510, FAA 1961 as amended in 1965

** \$300 million (same as above)

*** Includes supplemental

SUPPORTING ASSISTANCE PROGRAM FY 1962-FY 1972



SUPPORTING ASSISTANCE

Appropriation, 1971	\$569,800,000
Amended budget estimate, 1972	764,614,000
Authorization	618,000,000
House allowance	575,000,000
Committee recommendation	400,000,000

The committee recommendation of \$400,000,000 is \$169,600,000 less than the amount appropriated in fiscal 1971, \$364,614,000 under the budget estimate, and \$175,000,000 under the House allowance.

Recommended new obligational authority of \$400,000,000 when added to reappropriated balances (\$2,721,000), reimbursements (\$800,000) and recoupments (\$46,200,000) will permit a total supporting assistance program of \$449,721,000.

Continuation of the Economic Supporting Assistance Program was justified to the committee as being necessary to enable less developed friends and allies to deal with the threat of internal subversion and external attack. The committee's substantial reduction in this appropriation reflects its view that United States economic assistance, especially through international organizations, should be strengthened and the costs of both internal and external security shifted to the governments concerned.

OVERSEAS PRIVATE INVESTMENT CORPORATION

(RESERVES)

Appropriation, 1971	\$18,750,000
Budget estimate, 1972	25,000,000
House allowance	25,000,000
Committee recommendation	

The Overseas Private Investment Corporation is a United States Government corporation authorized by the Foreign Assistance Act of 1969 to take over Government incentives to the investment of American private capital and skills in friendly less developed countries from the Agency for International Development. It offers insurance against losses from:

- expropriation
- currency inconvertibility
- war, revolutions, and insurrection.

In addition, on a supposedly self-sustaining basis it offers (1) substantial cost sharing of preinvestment surveys and feasibility studies, (2) commercial guaranty of private loans and equity, and (3) direct loans not exceeding \$3 million in both dollars and local currencies.

The budget estimate before the committee is for an appropriation of \$25 million authorized by the Foreign Assistance Act to augment \$170 million held by OPIC as a reserve for insurance and guaranty claims. These reserves to which are added yearly earnings of \$10 million to \$15 million should be weighed against a maximum contingent exposure of \$3.5 billion! Of the total reserves \$70 million is restricted by law against commercial guaranties as contrasted to insurance claims.

Although claims of only \$4.2 million have been paid over the more than twenty-year history of prior United States Government investment insurance programs, claims pending as of August 31 total \$139 million, up \$134.9 million from the \$4.1 million pending when OPIC testified before the committee on June 10—a period of less than three months (on Nov. 19 this total had reached \$246.6 million). Thus it can be said that as of August 31, OPIC had pending insurance claims with the face value of \$139 million and readily available reserves to pay them of \$110-\$115 million. Evidence available to the committee gives rise to the belief that pending claims will be settled well below their face value. It is, however, impossible to estimate with any degree of precision OPIC's ultimate liability. This is especially true because this determination is so heavily contingent upon the outcome of negotiated settlements between investors and host country governments.

The present budget estimate seeks an appropriation of \$25 million to be added to existing reserves as a cushion against possible future needs. The committee believes, however, that the startling increase in claims over the past several months calls for an immediate review by OPIC, and hopefully the legislative committees, of its rate structure as related to the present day political risks against which it is insuring. Then, if as OPIC seems to believe, its present reserves are inadequate to meet its anticipated needs, the committee will consider a renewal of this request against the backdrop of some experience in the settlement of now pending claims, the adequacy of its rate structure and the overriding full faith and credit of the United States which guarantees payment of all proven losses.

INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE

Limitation, 1971.....	(\$10,000,000)
Limitation request, 1972.....	(\$11,000,000)
House allowance.....	None
Committee recommendation.....	None

Section 401(s) of PL 91-175 made available up to \$50,000,000 of appropriated funds for the programs of the Inter-American Social Development Institute with said funds remaining available until expended. In light of this language and since the \$50,000,000 has been made available but has not yet been expended, the committee is of the view that the Institute has authority to make such expenditures within the limits of these already appropriated funds now available to it. Further, that it has authority to make such contracts and commitments without regard to fiscal year limitations as provided by Section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 849), to the extent authorized by the law under which it was created and originally financed.

The committee did not take testimony from this agency and followed House action in not imposing the requested limitation on its 1972 program. This is not to be construed, however, as a committee decision on its future course.

TITLE II

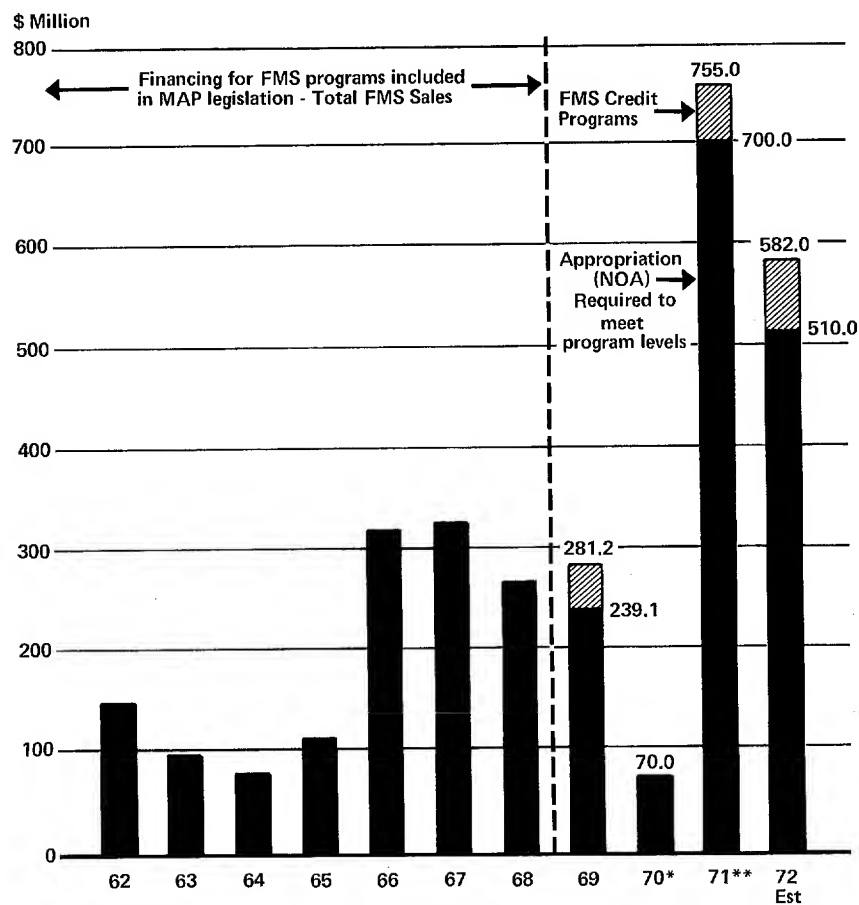
FOREIGN MILITARY CREDIT SALES

Appropriation, 1971.....	\$700,000,000
Budget estimate, 1972.....	510,000,000
Authorization.....	400,000,000
House allowance.....	510,000,000
Committee recommendation.....	400,000,000

The committee recommendation of \$400,000,000 is \$300,000,000 less than the amount appropriated in fiscal 1971 and \$110,000,000 under the budget estimate and the House allowance. It is also the full amount authorized.

The foreign military credit sales program is advanced as a "no cost" means of complementing the military assistance program in lowering the United States profile abroad and reducing the size of United States personnel deployed overseas. Each of the sales under this authority require a Presidential determination that the transaction will promote world peace and strengthen United States security. Purchased items may not be transferred to third party countries without prior United States consent and sales to less developed countries are contingent upon the recipient not diverting its resources or United States development assistance to military expenditures. Sales are made at interest rates equivalent to United States Treasury borrowings (fiscal 1971 5½ to 6¼ percent) to be wholly repaid in dollars within ten years. New obligational authority is augmented by private financing so as to increase the size of the total 1972 program to an estimated \$582 million.

WORLD WIDE FOREIGN MILITARY CREDIT SALES



* FMS credit controlled by continuing resolution authority which became maximum authorization.

** Includes \$500 million credit for Israel authorized pursuant to the Military Procurement Authorization Act of 1970. Funds appropriated under the Supplemental Appropriation Act, 8 Jan 71.

TITLE III

FOREIGN ASSISTANCE (OTHER)

FUNDS APPROPRIATED TO THE PRESIDENT

PEACE CORPS

Appropriation, 1971	\$90, 000, 000
Amended budget estimate, 1972.....	82, 000, 000
Authorization (P.L. 92-135)	77, 200, 000
House allowance	68, 000, 000
Committee recommendation	77, 200, 000

The committee recommendation of \$77,200,000 is \$12,800,000 less than the amount appropriated in fiscal 1971, \$5,000,000 under the budget estimate, and \$9,200,000 over the House allowance.

The committee recommends \$77,200,000 which is *the full amount of the funds authorized*.

The purposes of the Peace Corps are to provide trained Americans at the request of host countries to assist in the development of middle-level manpower resources and to promote international understanding between the people of the United States and their counterparts overseas.

In meeting these purposes, Peace Corps Volunteers have served in sixty-nine countries throughout the world during the ten years of the agency's existence. Teams of U.S. volunteers are currently active in fifty-five countries, and are participating with multinational teams in Yemen and Panama.

The 1972 program proposes an average of 6,100 Peace Corps Volunteers operating in 56 host countries. This compares with the fiscal 1971 program in which an average of 6,900 Peace Corps Volunteers operated in 61 host countries.

During the past two years the Peace Corps has endeavored with some success to increase the number of experienced mid-career professionals and skilled craftsmen who serve in its overseas operations and this effort will be continued during fiscal year 1972.

The readjustment allowance for Volunteers, which is accrued for each month of service and made available to the Volunteer at the completion of his service, has been set at \$75 per month since the inception of the agency ten years ago. The budget estimate and the committee recommendation provide for a continuation at this ceiling which is established by authorizing legislation.

It should also be noted that, as of July 1, 1971, operations of the Peace Corps were merged with various other federally-sponsored volunteer programs into a single agency, ACTION.

The following table provides a breakdown of the anticipated 1972 cost of the Peace Corps' program by country:

Region and country, fiscal year 1972 funding

Africa:		Latin America:	
Botswana.....	\$376, 000	Bolivia.....	\$25, 000
Cameroon.....	529, 000	Brazil.....	2, 428, 000
Chad.....	410, 000	British Honduras.....	199, 000
Congo.....	963, 000	Chile.....	682, 000
Dahomey.....	392, 000	Colombia.....	1, 683, 000
Ethiopia.....	1, 973, 000	Costa Rica.....	741, 000
Gambia.....	380, 000	Dominican Republic.....	549, 000
Ghana.....	1, 821, 000	Eastern Caribbean.....	932, 000
Guinea.....	113, 000	Ecuador.....	845, 000
Ivory Coast.....	740, 000	El Salvador.....	465, 000
Kenya.....	1, 758, 000	Guatemala.....	473, 000
Lesotho.....	151, 000	Guyana.....	870, 000
Liberia.....	1, 929, 000	Honduras.....	1, 049, 000
Malawi.....	274, 000	Jamaica.....	512, 000
Mali.....	264, 000	Nicaragua.....	392, 000
Mauritius.....	236, 000	Panama.....	1, 435, 000
Niger.....	614, 000	Paraguay.....	133, 000
Nigeria.....	40, 000	Peru.....	1, 656, 000
Senegal.....	601, 000	Venezuela.....	1, 524, 000
Sierra Leone.....	1, 311, 000	Regional support.....	
Somalia Republic.....			
Swaziland.....	235, 000		
Tanzania.....		Subtotal, Latin	
Togo.....	726, 000	America.....	16, 593, 000
Uganda.....	409, 000		
Upper Volta.....	427, 000	North Africa, Near East	
Regional support.....	1, 392, 000	and South Asia:	
		Afghanistan.....	973, 000
Subtotal, Africa.....	18, 064, 000	Ceylon.....	
		India.....	3, 212, 000
		Iran.....	1, 236, 000
		Libya.....	
East Asia and Pacific:		Morocco.....	1, 051, 000
Fiji.....	649, 000	Nepal.....	1, 237, 000
Korea.....	2, 066, 000	Tunisia.....	512, 000
Malaysia.....	2, 287, 000	Turkey.....	53, 000
Micronesia.....	2, 121, 000	Malta.....	72, 000
Philippines.....	1, 912, 000	Regional support.....	175, 000
Thailand.....	1, 566, 000		
Tonga.....	394, 000	Subtotal, North	
Western Samoa.....	477, 000	Africa, Near	
Regional support.....	75, 000	East, and South	
		Asia.....	8, 521, 000
Subtotal, East Asia		New countries.....	300, 000
and Pacific.....	11, 547, 000	Administrative support.....	18, 579, 000
		Program support.....	3, 596, 000
		Grand total.....	77, 200, 000

In view of the intervening time since the committee took testimony on the Peace Corps budget, the Chairman of the Subcommittee requested the record be brought up to date by the Director of Action under which the Peace Corps is now operated. This reply follows for the information of the Senate.

ACTION,
Washington, D.C., January 21, 1972.

HON. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: Thank you for your interest in the Peace Corps and your concern about the grave situation now facing us.

In answer to your questions about the cause of this current crisis, and the effects it could have, let me first detail the issue for you.

Last year, fiscal 1971, the Peace Corps spent \$85 million and placed approximately 5,000 new volunteers into the field. This year, fiscal 1972, we sought ways of saving in line with the President's attempt to reduce Federal expenditures. In planning this year's programs, the Peace Corps found that it was able to increase the number of volunteers and trainees from last year and still operate on a lower budget of \$82.2 million. During fiscal 1972, it was planned that the Peace Corps would grow to 8,500 volunteers and enroll 5,800 trainees.

After hearings in June and July, the Congress passed the authorization bill, setting a ceiling of \$77.2 million. In order to operate within this budget, instead of the \$82.2 million requested, we were forced to do rigorous cost-cutting. Heavy reductions were made in staff and two of the four operating regions were combined. We reluctantly decided to invite 800 fewer volunteers into training. Additionally, Washington and country budgets were cut to barest operating minimums. Finally, we even reviewed each training program to reduce the normal training time and effect cost savings.

If we are to keep the Peace Corps operative as it now stands, avoiding massive cutbacks on the present volunteer and staff strength, \$77.2 million is rock bottom. This means that the Congress must pass an appropriation bill equal to the authorized \$77.2 million. Since the 1st of July we have been operating on a series of continuing resolutions. As indicated, we have found ways to continue effectively under the \$77.2 million ceiling. However in December, unexpectedly the Congress set a new ceiling of \$72 million on the most recent continuing resolution, which expires on February 22.

This then is the issue: If at this late stage in the fiscal year, the Congress votes anything less than \$77.2 million, the drastic action of recalling volunteers, cancelling training projects, and cutting staff further will be necessary. If the \$77.2 million is approved, we will survive. The difference may seem small, but it is a vital difference when the full year's expenditures are taken into account. The fact is, the Peace Corps started the year spending at the rate of \$82.2 million; cut costs to \$77.2 million when the authorization was passed; and now if the budget is cut again, will be forced to cut back at a disproportionate rate for the remainder of the year. In actual terms, this means that no more than \$19 million would be available for the period following February 22, or the date that the continuing resolution expires.

Because the volunteers' allowances are small, a large number must be brought home in order to curb expenditures significantly. Since efforts we can make to save money are in themselves costly, airfare for returning volunteers and staff; severance pay; costs of breaking leases and terminating contracts; they will further compound the strains on

Peace Corps funding. Therefore, today we are in the painful and paradoxical situation of having to begin to bring about a significant reduction in the Peace Corps activities—in spite of rising levels of support for the Peace Corps both at home and abroad—in order to avoid having to dismantle it completely in the very near future.

I hope this answers your questions about our appropriation dilemma—why we feel we need the \$77.2 million authorized and why we have enunciated contingency plans which demonstrate the serious nature of the effect of unexpected budget pressures.

I have always appreciated your interest in the Peace Corps and am especially grateful for your concern at this time. Please call me if you have any other questions concerning our current crisis.

Sincerely,

JOSEPH H. BLATCHFORD, *Director*.

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

RYUKYU ISLANDS, ARMY, ADMINISTRATION

Appropriation, 1971	-----	\$6,736,000
Budget estimate, 1972	-----	4,564,000
Authorization (P.L. 86-629)	-----	(Indefinite)
House allowance	-----	4,216,000
Committee recommendation	-----	4,564,000

The committee recommendation of \$4,564,000 is \$2,172,000 less than the amount appropriated in fiscal 1971, the same as the budget estimate, and \$348,000 over the House allowance.

On November 21, 1969, the President and the Prime Minister of Japan agreed to expedite consultations looking toward reversion of the Ryukyu Islands administration to Japan during 1972, subject to necessary legislative support. On June 17, 1971, the United States and Japan signed an agreement whereby the United States will relinquish, in favor of Japan, all its rights and interests attained under the United States-Japanese Peace Treaty. The agreement will become effective two months after exchange of instruments of ratification. Thereafter, Japan will assume full responsibility for governing those Islands terminating the U.S. Civil Administration of the Ryukyu Islands, and the U.S. bases on Okinawa will become subject to the U.S.-Japan Treaty of Mutual Cooperation and Security, together with its related arrangements. The budget estimate assumes that U.S. Civil Administration will be terminated on June 30, 1972. A breakdown of this estimate by project follows:

Administrative Activities—\$3,314,000.—Included in this project is the salary of civilian and military personnel serving the U.S. Civil Administration of the Ryukyu Islands and the Preparatory Commission relating to the reversion of the Islands to Japan. Also included is the cost of travel associated with U.S. personnel for return of these personnel to the continental United States after completion of their term of service. This account also covers the cost of informational materials and services provided the Ryukyuan people, and operating cost of governmental buildings, supplies, equipment and administrative support.

Aid to the Ryukyuan Economy—\$1,250,000.—Included in this amount is a payment to the Government of the Ryukyu Islands for

public safety activities relating to the presence of United States forces and their dependents.

In the event the transfer of authority to Japan takes place prior to June 30, 1972, the need for operational funds will be reduced proportionately and the committee directs that should this occur the Department reduce its expenditures accordingly, with unused balances returned to the Treasury.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ASSISTANCE TO REFUGEES IN THE UNITED STATES

(CUBAN REFUGEE PROGRAM)

Appropriation, 1971	\$112, 130, 000
Budget estimate, 1972	144, 103, 000
Authorization (Public Law 87-510)	(Indefinite)
House allowance	100, 000, 000
Committee recommendation	129, 000, 000

The committee recommendation of \$129,000,000 is \$16,870,000 more than the amount appropriated in fiscal 1971, \$15,103,000 under the budget estimate, and \$29,000,000 over the House allowance.

The position of the Cuban Government concerning continuation of the Cuban airlift brings many uncertainties into this program. The budget request, as submitted, anticipated 48,000 Cuban refugees reaching the United States in fiscal year 1972 with 42,000 of this number arriving via the airlift. As of January 1, 1972, however, only 16,792 had arrived with only 15,392 arriving by the airlift.

The end of the airlift either because of action of the Cuban government or the fact all eligible refugees have been transported has been predicted almost weekly for the past several months and it now operates sporadically only once every week or ten days.

In taking its action, the committee has taken note of the General Accounting Office's November 3, 1971 report on this program.

The committee directs that any saving brought about by temporary or permanent cessation of the airlift not be reprogrammed among the activities in the appropriation.

The committee recommends the following allocation of funds among the several activities and directs that the entire Federal program be phased out by June 30, 1973.

Welfare Assistance and Services—\$97,400,000.—This amount should provide for a continuation of the special Federal program of welfare and other services for those refugees who have been in the United States for less than three years. It would not, however, provide for continuing these special Federal payments for an unlimited time as is now the case. Bill language has been included reflecting this action.

Resettlement Within the United States—\$4,400,000.—These funds provide for a program designed to encourage a broadly based resettlement of Cuban refugees most of whom initially arrive in Florida.

Education—\$20,000,000.—This amount provides for assistance to affected public school systems and vocational, professional and English training, together with a special unbudgeted \$600,000 reimbursement for the Dade County Public Schools. Although funds have been provided for the special loan program for higher education of Cuban

refugees, the committee feels that this program discriminates against deserving non-Cubans and proposes its early curtailment.

Health Services—\$3,900,000.—This amount provides for a clinic at the refugee center, out-patient services at local Miami hospitals, community health services and extended hospitalization for tubercular and mental patients. These special services would be continued for refugees who have been in the United States less than three years.

Movement of Refugees from Cuba—\$800,000.—This is the current request for the reduced number of flights presently anticipated. This amount is provided with the stipulation that unused balances shall not be transferred to other activities if not needed for the airlift and thereby be returned to the Treasury.

Program Administration—\$2,500,000.—A sizable portion of the amount requested for administration of the program. A much larger reduction is expected next year because of the curtailment of the program.

DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

Appropriation, 1971.....	\$5,706,000
Budget estimate, 1972.....	8,690,000
Authorization (P.L. 87-510 and P.L. 89-230).....	(Indefinite)
House allowance.....	8,690,000
Committee recommendation.....	5,790,000

The committee recommendation of \$5,790,000 is \$84,000 more than the amount appropriated in fiscal 1971, \$2,900,000 under the budget estimate and the House allowance.

The committee strongly believes that there is an urgent need to consolidate United States refugee assistance efforts into a single office rather than have these programs fragmented between such diverse agencies as the Department of Health, Education, and Welfare, the Department of State, the Department of the Army, and the Agency for International Development.

Once this is done and responsibility for administration and coordination is fixed, the United States effort should be geared to operate through international organizations. This would permit the United States to shoulder a "fair share" of what is clearly an international responsibility.

It is evident that almost a quarter of a century after the dislocations of World War II the priorities and resources of the Department of State's Office of Migration and Refugee Assistance are almost exclusively directed toward European refugees. This discriminates against crying and almost overwhelming needs in the Near East, Nigeria, Vietnam and particularly Pakistan.

Just as the United States has underwritten the entire costs of the Cuban Refugee Program, the committee feels that the European countries of original asylum (principally Austria, West Germany, Italy, Turkey, Lebanon and Greece) are fully capable of meeting the need for care and maintenance of those seeking temporary refuge within their borders. Therefore, the committee recommends elimination of the United States Refugee Program (U.S.R.P.), under which supplementary assistance has heretofore been provided for European refugees. Actual fiscal year 1972 expenses incurred to date under con-

tinuing resolution authority should be underwritten first from administrative expenses for which the full amount has been allowed and which can now be sharply curtailed and, if necessary, from other programs such as the United States contribution to I.C.E.M.'s administrative budget (U.S. share of 34 percent compares to 11 percent for Germany, 11 percent for Australia, and 2 percent for Israel).

The detail of the committee's allocation is as follows:

	Requested allocation	Senate committee recommendation
Intergovernmental Committee for European Migration.....	\$3,250,000	\$3,250,000
United Nations High Commissioner for refugees.....	1,000,000	1,000,000
U.S. refugee program.....	2,900,000	None
Refugees from Communist China.....	500,000	500,000
International Committee of the Red Cross.....	50,000	50,000
Administration.....	990,000	990,000
Total.....	8,690,000	5,790,000

FUNDS APPROPRIATED TO THE PRESIDENT
INTERNATIONAL FINANCIAL INSTITUTIONS
INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT
(WORLD BANK)

Appropriation, 1971.....	None
Amended budget estimate (H. Doc. 92-149).....	\$246,100,000
House allowance.....	None
Committee recommendation.....	246,100,000

The committee recommendation of \$246,100,000 is the same as the budget estimate and \$246,100,000 over the House allowance.

The World Bank (International Bank for Reconstruction and Development, or IBRD) formally came into existence in December, 1945 and began operations in June, 1946. It now has 116 member countries. Since 1948, when its European reconstruction lending was completed, its principal role has been to finance development projects and programs in its developing member countries. Heavy emphasis has been placed on projects in the fields of power (32 percent of loans to date) and transportation (31 percent), with substantial amounts also for industry (15 percent) and agriculture (9 percent). More recently, the Bank has entered such fields as education and health, and has thus far devoted 3 percent of its total loans to them; however, roughly 10 percent of the Bank's 1971 lending was in these areas. Unlike its affiliate, the International Development Association, which operates from governmental contributions and makes loans on "soft" (concessional) terms, the World Bank makes its loans on conventional terms—currently 7¼ percent interest, with maturities generally of 20-25 years—reflecting the fact that the Bank relies primarily on borrowing in international capital markets for its funds. Since the Bank's inception, the United States has subscribed \$635 million to paid-in capital and a further \$5,715 million to callable capital on a contingent liability basis. The total U.S. subscription of \$6,350 million is 27.4 percent of the Bank's total subscribed capital of \$23.2 billion.

The committee considered amended budget estimates of \$246,100,000 for increases in the International Bank for Reconstruction and Development. This request consists of (1) \$24,610,000, the U.S. share (11%) of an increase of \$222 million in paid-in capital and (2) \$221,490,000, the U.S. share (11%) of an increase of \$2 billion in callable capital. These estimates are identical to the request made and not allowed in the fiscal year 1971 second supplemental.

The increase in the United States subscription will be made pursuant to an authorized increase of \$3 billion of the capital of the Bank to accommodate special increases in capital subscriptions from 75 member countries in amounts corresponding to special increases in their quotas in the International Monetary Fund. The Department of the Treasury advised the committee that these special increases in World Bank subscriptions are based on a long-standing policy of the Bank to maintain capital subscriptions in proportion to Monetary Fund quotas, and that over the years this practice has resulted in more than \$3.5 billion in new capital for the Bank. Because of its large initial capital contribution this is the first time that the United States has been requested to participate in special increases and the Bank's Board of Governors has established a deadline for subscribing to these increases of November 16, 1971. The committee feels that since the United States has urged other members of the Bank to accept special increases in their Bank subscription following special increases in their International Monetary Fund quotas these funds should now be appropriated.

Of the total amount considered, the committee recommends \$246,100,000 which consists of \$24,610,000 in paid-in capital, and \$221,490,000 in callable capital.

INTER-AMERICAN DEVELOPMENT BANK

Appropriation, 1971-----	\$275, 000, 000
Amended budget estimate, 1972-----	261, 760, 000
House allowance-----	150, 000, 000
Committee recommendation-----	261, 760, 000

The committee recommendation of \$261,760,000 is \$13,240,000 less than the amount appropriated in fiscal 1971, identical to the budget estimate, and \$111,760,000 over the House allowance.

The Inter-American Development Bank (IDB) was established in December 1959, and began operations in September of 1960. The purpose of the Bank is to accelerate the economic growth of its underdeveloped member countries by loans made from its own capital, funds raised by it in world financial markets and other available resources. Two types of loans are made by the IDB to its members: first, loans are made from Ordinary Capital, which provides resources on conventional terms, currently 8 percent for 18 to 20 years with grace periods of 2-3 years in most instances. The Ordinary Capital loan program relies substantially on bond issues placed in world markets; these issues are limited to the amount of the U.S. callable capital subscription but guaranteed in the event of a call by the callable capital subscriptions of all the member countries. Second, loans are made from the Fund for Special Operations which provides funds on relatively soft terms, 3 to 4 percent for 20 to 25 years.

The bulk of the Bank's resources has gone to loans for agriculture (28 percent), transportation (19 percent), industry (18 percent) and

power (16 percent) as compared to education (3 percent) and health (9 percent).

As of December 31, 1970, the U.S. subscription to Ordinary Capital totaled \$150.0 million for paid-in capital and \$1,023.5 million for callable capital. The total U.S. subscription of \$1,173.5 million represents approximately 42.5 percent of the Bank's total capital of \$2,763.0 million. Of the latter figure \$388.5 million was paid-in and \$2,374.5 million was callable. On the same date, the United States had contributed \$1,800 million of the \$2,328.0 million contributed for the Fund for Special Operations, or approximately 77 percent of the Fund's total resources.

The committee considered amended budget estimates of \$261,760,000 for the Inter-American Development Bank. This request consisted of the following: (1) \$75,000,000 toward the authorized U.S. share (37.5%) of an increase of \$400 million in paid-in capital. Of this amount, \$25 million is brought forward (H. Doc. 92-149) as not appropriated in the second fiscal year 1971 supplemental in which \$50 million was requested; (2) \$136,760,000, the balance of the amount for callable capital, is brought forward (H. Doc. 92-149) as not appropriated in the second fiscal year 1971 supplemental in which \$336,760,000 was requested. The total increase to callable capital is \$1.6 billion of which the authorized U.S. share is 42 percent; (3) \$50,000,000 toward the authorized U.S. share (66.7%) of an increase of \$1.5 billion in the Fund for Special Operations. This amount is carried forward (H. Doc. 92-149) as not appropriated in the second fiscal year 1971 supplemental in which \$100 million was requested.

Of the total amount considered the committee recommends \$261,760,000 which consists of \$75,000,000 in paid-in capital, \$136,760,000 in callable capital, and \$50,000,000 as an additional contribution to the Fund for Special Operations.

TITLE IV

EXPORT-IMPORT BANK OF THE UNITED STATES

LIMITATION ON PROGRAM ACTIVITY

Limitation on program activity, 1971-----	(\$4,075,483,000)
Amended budget estimate (H. Doc. 92-175)-----	(7,323,675,000)
House allowance-----	(7,323,675,000)
Committee recommendation-----	(7,323,675,000)

For this item, the committee recommends a limitation on program activity of \$7,323,675,000 which is the same as the House allowance and the amended budget estimate.

The original 1972 budget estimate requested \$3,632,940,000 in new program activity for the Export-Import Bank. However, on November 16, 1971, the President transmitted to the Congress a budget amendment to the Bank's fiscal year 1972 budget which revised the new program activity level to \$7,323,675. This is an increase of \$3,690,735 over the fiscal year 1971 budget request.

Three billion dollars of the increase is due to the proposed inauguration by the Bank of a short-term discount facility. This program is designed to assist United States exports which are financed on terms of less than one year.

In its justification the Bank states that there is a great need for a program which can assure U.S. commercial banks that adequate back-up liquidity for short-term financing of U.S. exports will be available in times of money shortages. It also states that the absence of such a facility is hampering our Nation's exporters who rely on short-term financing as an essential part of their export sales package.

The Bank feels that its short-term discount program is designed to provide U.S. commercial banks with assurances that if their liquidity situation tightens, their short-term export financing commitments can be met through short-term loans from Eximbank on their eligible export financing paper. The interest rate differential between the Eximbank loan and the underlying export paper will be sufficient to cover the commercial bank's cost associated with their loan, but will not provide a profit incentive to use Eximbank's funds.

In August, Congress passed and President Nixon signed the Export Expansion Finance Act of 1971 (P.L. 92-126) which, among other things, excludes the receipts and disbursements of the Bank from the budget of the United States Government. Congress can still exercise control over the Bank's activities, since the Bank is required to submit its budget for program activities and administrative expenses through the President of the United States to the Congress for its consideration and approval.

The Bank has the authority to borrow up to \$6 billion from the U.S. Treasury. However, Eximbank expects to have no net borrowings from the Treasury for any fiscal year now that the Bank is out of the Federal budget. It will instead obtain needed funds from the private market.

It is important to note that, as in the past, all of the Bank's borrowings from the private money market remain subject to the prior approval of the Secretary of the Treasury, as to rate, terms, amount, and timing, in accordance with section 303(a) of the Government Corporation Control Act.

Eximbank's lending programs are intended to finance U.S. export sales which could only be made with the Bank's assistance and which would not have occurred without the Bank's help. In this connection the Committee expects commercial banks will be required to certify that a proposed export loan will not be made without Eximbank assistance as a condition for obtaining such assistance.

During fiscal year 1971, total U.S. exports were about \$44 billion. The Bank estimates that about \$3 billion, or approximately 6.8 percent, were supported directly by one of the Bank's programs via disbursements under direct credits or shipments under guarantees or insurance policies. On the other hand, there is research which suggests that many Eximbank loans merely replace private loans which would have been made without Eximbank assistance. The Committee believes the certification requirements referred to above will strengthen the administration of the program by insuring that Eximbank loans actually increase U.S. exports.

Within this structure, Eximbank will generally have authorization levels significantly higher than disbursement levels. Therefore, although \$3.0 billion is the authorization level requested for the short-term program, this does *not* imply an equivalent growth in federal credit.

The Committee certainly favors an increase in U.S. exports. However, there is some doubt as to whether Ex-Im Bank credit actually increases export sales. Moreover, unless the Bank carefully coordinates its activities with the Federal Reserve Board, the new short term discount loan program could interfere with the Board's attempts to restrain inflation through monetary policy. Discount loan commitments made during periods of relative credit availability are not likely to be activated until a credit shortage develops. Commercial banks may then escape some of the credit restraints imposed by the Federal Reserve Board by borrowing from the Ex-Im Bank's short term discount loan facility. The Ex-Im Bank would be competing for funds to supply to commercial banks at the very time the Board was trying to restrict the total supply of credit. As a result, more of the burden of fighting inflation could be shifted to less protected sectors of the economy such as housing, small business, and State and local construction.

The Committee believes Federal credit assistance should be used to stimulate exports. However, the Committee does not subscribe to the view that export financing should be completely exempt from the credit restraints sought by the Federal Reserve Board in its efforts to protect the purchasing power of the dollar. There is only so much private credit to go around. If more credit goes into export financing, less credit is available for other purposes. Those sectors most likely to be adversely affected are housing, small business and State and local construction. The Committee does not believe that these sectors have any lesser claim on credit resources.

The Committee has been assured by the President of the Ex-Im Bank that its program will be consistent with monetary policy. In order to achieve this objective, the Committee expects the Ex-Im Bank will periodically consult with the Federal Reserve Board and carefully coordinate its activities with the Board's monetary policy.

Aside from the amount requested for the short-term discount facility, the remainder of the increase in the requested fiscal 1972 program activity level provides for expansion of the Bank's medium-term discount loan program, the guarantee and insurance program, and its direct loan facilities.

The following schedule shows the Bank's estimated activity for fiscal year 1972:

Loan program:		<i>Thousands</i>
Equipment and services authorizations.....	\$2,765,000	
Commodity authorizations.....	75,000	
Medium-term discount authorizations.....	862,000	
Short-term discount authorizations.....	3,600,000	
Special foreign trade authorizations.....	50,000	
Subtotal, gross loan authorizations.....	7,352,000	
Less participations in and cancellations of loans authorized during fiscal year 1972.....	802,000	
Net loan authorizations.....	6,550,000	
Guarantee and insurance program:		
Authorization of new and renewed policies.....	4,100,000	
Less repayment and cancellations on guarantees and insurance..	2,224,000	
Subtotal	1,876,000	
Less reduction from use of fractional reserve and adjustments..	1,337,425	
Charge to new program activity for guarantees and insurance..	538,575	

Other charges to program activity :	
Interest and nonadministrative expenses ¹ -----	\$235,000
Equipment ¹ -----	100
	<hr/>
Total other than for administrative expense: "New Program Activity"-----	7,323,675
Administrative expense ¹ -----	8,072
	<hr/>
Total -----	7,331,747

¹ On the accrual basis.

LIMITATION ON ADMINISTRATIVE EXPENSES

Limitation on administrative expenses, 1971-----	(\$7,048,000)
Budget estimate-----	(8,072,000)
House allowance-----	(8,072,000)
Committee recommendation-----	(8,072,000)

The committee recommends a limitation of \$8,072,000 for this item, which is the same as the House allowance and the budget estimate. This amount is \$1,024,000 over the 1971 limitation of \$7,048,000.

This provides for an increase in personnel to staff the Bank's new short-term discount program and to handle increasing workloads in other programs of the Bank.

The Bank has also requested an increase from \$12,000 to \$18,000 in the amount of its administrative expenses which can be used by the Board of Directors of the Bank for entertainment expenses.

In view of the expanded activities of the Bank, increased travel, and continuing emphasis on informing the U.S. exporting community of the Bank's programs of export assistance, the committee recommends this increase.

TITLE V—GENERAL PROVISIONS

DEPARTMENT OF LABOR

UNEMPLOYMENT TRUST FUND

Appropriation, 1971-----	None
Budget estimate, 1972-----	None
House allowance-----	None
Committee recommendation-----	(Indefinite)

Appropriation of Advances to Extended Unemployment Compensation Account.—Section 204(d) of the Federal-State Extended Unemployment Compensation Act of 1970 (title II, P.L. 91-373) provides that payments of the Federal share of extended unemployment compensation be paid monthly to each State which has incurred expenditures for such compensation. Section 204(e) of that Act provides that the Secretary of the Treasury, in accordance with a certification by the Secretary of Labor, shall make such payments to the States by transfers from the extended unemployment compensation account in the Unemployment Trust Fund to the account of such State in the Unemployment Trust Fund. Section 203(c) of the Emergency Unemployment Compensation Act of 1971 (Title II, Public Law 92-224) also provides for the same arrangement (transfers from the extended unemployment compensation account to the State accounts in the Un-

employment Trust Fund) for making payments to the States for payments of emergency unemployment compensation under the provisions of that Act.

The extended unemployment compensation account, established by section 905(a) of title IX of the Social Security Act (as amended by section 305 of title III of P.L. 91-373) derives its resources from an "earmarked" proportion of Federal unemployment tax receipts (Section 905(b)(1), SSA). No appropriation is required for transfers of amounts from the extended unemployment compensation account to State accounts in the Unemployment Trust Fund.

Normally, it could be anticipated that the resources of the extended unemployment compensation account would be sufficient for the payments out of that account which are provided for by law. However, it was foreseen that, should "a recession occur before the account has been built up to the desired level or extend for a period long enough to exhaust the account," contingency financing would be needed. (p. 36, Report of the Committee on Finance, U.S. Senate to accompany H.R. 14705, Senate Report No. 91-752, 91st Congress, 2nd Session; p. 31, Report of the Committee on Ways and Means, House of Representatives, to accompany H.R. 14705, House Report No. 91-612, 91st Congress, 1st Session). Section 905(d) of title IX of the Social Security Act, therefore, was amended by section 305 of P.L. 91-373 to authorize to be appropriated, without fiscal year limitation, to the extended unemployment compensation account, as repayable advances (without interest) such sums as may be necessary to make the necessary transfers to the State accounts. As its share of Federal unemployment tax receipts are received and credited to the extended unemployment compensation account, and the account is again built up to the point at which the Secretary of the Treasury determines, in consultation with the Secretary of Labor, it contains an amount adequate for such purpose, the repayable advances are repaid, without interest, by transfers from the extended unemployment compensation account to the general fund of the Treasury.

Because of heavy unemployment in 1970 and 1971, the Federal-State Extended Unemployment Compensation program has been operative in many States for some or all of the period October 10, 1970 to the present. Payments to States for the Federal Government's share of the compensation paid have used up accumulated reserves in the extended unemployment compensation account and have outrun the tax revenues earmarked for the extended unemployment compensation account. As a result, the payments to the States which are provided for by law have been made only through the month of July 1971, and the affected States have been forced to use their own State accounts in the Trust Fund to carry the Federal Government's share of the costs of the program in recent months. The amount owed to the States totaled \$61,363,453 as of October 1, 1971. In the absence of an appropriation, this amount could be expected to increase to \$233,000,000 by June 30, 1972, notwithstanding additional tax revenue due in January and April 1972. Pending legislation for an emergency unemployment compensation, while it provides for a tax increase sufficient to pay for the program, will impose new obligations on the extended unemployment compensation account at least until the new tax revenues become available starting in April 1972.

The bill therefore appropriates to the extended benefit account in the Unemployment Trust Fund such sums as may be necessary to enable the Secretary of the Treasury to make the repayable advances to extended unemployment compensation account which are authorized, and which will be sufficient for the transfers to the State accounts in the Trust Fund from the extended unemployment compensation account which are provided for in the Federal-State Extended Unemployment Compensation Act of 1970 (P.L. 91-373, Title II) and in the Emergency Unemployment Compensation Act of 1971 (P.L. 92-224, Title II).

The appropriation, without specified amount, is limited to the current fiscal year. It is expected that any appropriations required for this purpose in subsequent fiscal years will be requested by the Administration in specific amounts.

As of September 30, 1971, the amounts owed to State accounts for the Federal Government's share of Federal-State extended unemployment compensation were as follows:

Alabama -----	\$1, 672	Nevada -----	\$223, 683
Alaska -----	118, 513	New Hampshire -----	131, 508
California -----	12, 971, 915	New Jersey -----	6, 849, 039
Connecticut -----	6, 734, 665	New York -----	12, 714, 114
Idaho -----	85, 384	Oregon -----	630, 666
Maine -----	404, 254	Pennsylvania -----	5, 230, 377
Kansas -----	493, 886	Rhode Island -----	868, 643
Massachusetts -----	3, 905, 176	Utah -----	168, 805
Michigan -----	5, 405, 158	Vermont -----	244, 792
Minnesota -----	268, 367	W. Virginia -----	10, 116
		Washington -----	3, 902, 760
		Total -----	61, 363, 453

LIMITATIONS, LANGUAGE CHANGES, AND LEGISLATIVE
PROVISIONS NOT INCLUDED IN HOUSE PASSED
BILL

Under Title I "Economic Assistance":

, of which \$15,000,000 shall be available only for the United Nations' Children's Fund: (New Language)

Under Title I "American Schools and Hospitals Abroad":

Provided, That only such projects enumerated in the respective reports of the Foreign Affairs Committee of the House of Representatives and the Foreign Relations Committee of the Senate covering authorizing legislation for programs funded hereunder shall be financed out of the funds made available under this head: Provided further, That the maximum amount of funds allocated to any nonbudgeted project shall not exceed \$2,000,000. to be available for obligation or expenditure solely in accordance with the following allocations:

American University of Beirut, Lebanon.....	\$6,000,000
Feinberg Graduate School of Weizmann Institute, Israel.....	1,500,000
University of the Americas, Mexico.....	1,500,000
Robert College, Turkey.....	1,000,000
Project HOPE.....	1,500,000
American Hospital in Rome, Italy.....	300,000
Program support.....	200,000
Unallocated funds.....	5,200,000

(New Language and Language Deleted)

Under Title I "Security Supporting Assistance":

:Provided further, That of the funds appropriated under this paragraph, no less than \$50,000,000 shall be available for obligation for security supporting assistance for Israel only

Under Title I "Overseas Private Investment Corporation":

~~Overseas Private Investment Corporation, reserves: For expenses authorized by section 235(f), \$25,000,000, to remain available until expended: (Language Deleted.)~~
(New Language)

Under Title I "Inter-American Social Development Institute":

The Inter-American Social Development Institute is authorized to make such expenditures within the limits of

funds available to it and in accordance with the law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 849), as may be necessary in carrying out its authorized programs during the current fiscal year: Provided, That not to exceed \$11,000,000 shall be available to carry out the authorized programs during the current fiscal year. (New Language)

Under Title I "General Provisions", Section 112:

~~Sec. 112. The funds appropriated or made available pursuant to this Act shall be available notwithstanding the provisions of section 10 of Public Law 90-672. (Language Deleted)~~

Under Title I "General Provisions", Section 114:

~~Sec. 114. No part of any appropriations contained in this Act may be used to provide assistance to Ecuador. (Language Deleted)~~

Under Title I "General Provisions":

Sec. 113. None of the funds appropriated or made available under titles I and II of this Act may be obligated or expended until the enactment of S. 2819, 92nd Congress (Limitation)

Under Title III "Assistance to Refugees in the United States":

: And provided further, That none of the funds made available herein shall be available after February 22, 1971, to furnish medical and welfare payments to refugees who have resided in the United States for three years or more. (Limitation)

Under Title III "Inter-American Development Bank":

; and \$50,000,000 shall be available for the Fund for Special Operations. (New Language)

Under Title III "International Bank for Reconstruction and Development":

To pay for the increase in the United States subscription to the International Bank for Reconstruction and Development, as authorized by the Act of December 30, 1970 (Public Law 91-599), \$246,100,000, to remain available until expended. (New Language)

Under "Title V—General Provisions" insert:

Sec. 504. Not to exceed \$800,000 of the funds appropriated under title I of this Act and for the Peace Corps under this Act may be used to reimburse the expenses of the Inspector General, Foreign Assistance, of which amount not to exceed \$650,000 may be expended for compensation for personnel. (Limitation)

Sec. 505. The Secretary of the Treasury is hereby given the authority to advance from the general fund of the Treasury, without fiscal year limitation and without prior appropriations, to the extended unemployment compensation account, as repayable advances (without interest) such sums as may be necessary to make such payments. Such repayable advances shall be repaid, without interest, by transfers from the extended unemployment compensation account to the general fund of the Treasury, at such times as the amount in the extended unemployment compensation account is determined by the Secretary of the Treasury, in consultation with the Secretary of Labor, to be adequate for such purpose. Any amount transferred as a repayment under this paragraph shall be credited against, and shall operate to reduce, any balance of advances repayable under this paragraph. (New Language—Legislative Provision)

Sec. 506. For making the repayable advances authorized to be appropriated to the extended unemployment compensation account in the Unemployment Trust Fund by section 905(d) of title IX of the Social Security Act, such sums as may be necessary to enable the Secretary of the Treasury to make such advances until June 30, 1972. The Secretary of the Treasury shall make such repayable advances without prior specific appropriation other than as is herein provided at such times as he determines, until June 30, 1972, in consultation with the Secretary of Labor, that the amount in the extended unemployment compensation account is insufficient for the payments to States out of that account which are provided for by law. (New Language—Legislative Provision)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND THE BUDGET ESTIMATES FOR 1972

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY— FEDERAL FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these amounts are not included in the accompanying bill]

Agency and item	New budget (obligational) authority, 1971	Budget esti- mates of new (obligational) authority, 1972	Increase (+) or decrease (—)
(1)	(2)	(3)	(4)
Export-Import Bank: Program activity (indefinite authorization to spend agency debt receipts).....		\$225,000,000	+\$225,000,000

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY— TRUST FUNDS

Economic assistance: Technical assistance: U.S. dollars advanced from foreign governments.....	\$6,000,000	\$6,000,000
Military assistance: Advances, foreign military sales (contract authorization).....	850,000,000	850,000,000
Peace Corps: Miscellaneous trust funds.....	503,000	503,000
Total, permanent new budget (obligational) authority, trust funds.....	856,503,000	856,503,000

Note: Amounts as estimated and shown in the January 1971 budget document. Some items are indefinite in amount, and thus are subject to later reestimation.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET
ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972**

TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES

[Note—All amounts are in the form of “appropriations” unless otherwise indicated]

Item (1)	Senate committee recommendations compared with—						
	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority allowed in House bill (4)	New budget (obligational) authority recommended by the Senate committee (5)	New budget (obligational) authority, fiscal year 1971 (6)	Budget estimates of new authority, fiscal year 1972 (7)	House allowance (8)
FUNDS APPROPRIATED TO THE PRESIDENT							
ECONOMIC ASSISTANCE							
Worldwide, technical assistance.....	\$166,750,000	¹ \$232,929,000	\$150,000,000	\$165,000,000	—\$1,750,000	—\$67,929,000	+\$15,000,000
Alliance for Progress, technical assistance.....	82,875,000	² 129,745,000	75,000,000	80,000,000	—2,875,000	—49,745,000	+5,000,000
International organizations and programs.....	103,810,000	³ 141,000,000	41,000,000	138,000,000	+34,190,000	—3,000,000	+97,000,000
Programs relating to population growth.....	(4)	(5)	50,000,000	125,000,000	+125,000,000	+125,000,000	+75,000,000
American schools and hospitals abroad.....	12,895,000	10,175,000	17,200,000	20,000,000	+7,105,000	+9,825,000	+2,800,000
Indus Basin Development Fund, grants.....	4,925,000	15,000,000	7,500,000	15,000,000	+10,075,000	-----	+7,500,000
Indus Basin Development Fund, loans.....	6,980,000	12,000,000	6,000,000	12,000,000	+5,020,000	-----	+6,000,000
United Nations Relief and Works Agency (Arab refugees).....	1,000,000	-----	-----	-----	—1,000,000	-----	-----
Contingency fund.....	22,500,000	100,000,000	30,000,000	30,000,000	+7,500,000	—70,000,000	-----
Refugee relief assistance (East Pakistan).....	-----	⁶ 250,000,000	175,000,000	175,000,000	+175,000,000	—75,000,000	-----
Alliance for Progress, development loans.....	287,500,000	235,000,000	150,000,000	50,000,000	—237,500,000	—185,000,000	—100,000,000
Development loans.....	420,000,000	400,000,000	250,000,000	150,000,000	—270,000,000	—250,000,000	—100,000,000

See footnotes at end of table.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET
ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority allowed in House bill (4)	New budget (obligational) authority recommended by the Senate committee (5)	Senate committee recommendations compared with—			
					New budget (obligational) authority, fiscal year 1971 (6)	Budget estimates of new authority, fiscal year 1972 (7)	House allowance (8)	
Administrative expenses:								
A.I.D.	51,000,000	7 60,200,000	54,600,000	50,000,000	-1,000,000	-10,200,000	-4,600,000	
State	4,100,000	8 4,555,000	4,255,000	4,221,000	+121,000	-334,000	-34,000	
Subtotal, economic assistance	1,164,335,000	1,590,604,000	1,010,555,000	1,014,221,000	-150,114,000	-576,383,000	+3,666,000	
MILITARY ASSISTANCE								
Military assistance	690,000,000	705,000,000	552,000,000	350,000,000	-340,000,000	-355,000,000	-202,000,000	
SECURITY SUPPORTING ASSISTANCE								
Security supporting assistance	569,600,000	9 764,614,000	575,000,000	400,000,000	-169,600,000	-364,614,000	-175,000,000	
Subtotal	2,423,935,000	3,060,218,000	2,137,555,000	1,764,221,000	-659,714,000	-1,295,997,000	-373,334,000	
OVERSEAS PRIVATE INVESTMENT CORPORATION								
Overseas Private Investment Corporation, reserves ...	18,750,000	25,000,000	25,000,000	-18,750,000	-25,000,000	-25,000,000	
INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE								
Inter-American Social Development Institute (limita- tion on obligations)	(10,000,000)	(11,000,000)	(.....)	(11,000,000)	(-10,000,000)	(-11,000,000)	(+11,000,000)	
Total, title I, new budget (obligational) author- ity, Foreign Assistance Act Activities	¹⁰ 2,442,685,000	¹¹ 3,085,218,000	¹² 2,162,555,000	1,764,221,000	-678,464,000	-1,320,997,000	-398,334,000	

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET
ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	Senate committee recommendations compared with—						
	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority allowed in House bill (4)	New budget (obligational) authority recommended by the Senate committee (5)	New budget (obligational) authority, fiscal year 1971 (6)	Budget estimates of new authority, fiscal year 1972 (7)	House allowance (8)
TITLE II—FOREIGN MILITARY CREDIT SALES							
Foreign military credit sales.....	200,000,000	510,000,000	510,000,000	400,000,000	+200,000,000	—110,000,000	—110,000,000
Military credit sales to Israel.....	500,000,000				—500,000,000		
Total, title II, new budget (obligational) au- thority, Foreign military credit sales.....	700,000,000	510,000,000	510,000,000	400,000,000	—300,000,000	—110,000,000	—110,000,000
TITLE III—FOREIGN ASSISTANCE (OTHER)							
FUNDS APPROPRIATED TO THE PRESIDENT							
Peace Corps.....	90,000,000	¹² 82,200,000	68,000,000	77,200,000	—12,800,000	—5,000,000	+9,200,000
Limitation on administrative expenses.....	(\$1,400,000)	(28,400,000)	(24,000,000)	(24,500,000)	(—6,900,000)	(—8,900,000)	(+500,000)
DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS							
Ryukyu Islands, Army, Administration.....	6,736,000	¹⁴ 4,564,000	4,216,000	4,564,000	—2,172,000		+348,000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE							
Assistance to refugees in the United States (Cuban program).....	112,130,000	¹⁵ 144,103,000	100,000,000	129,000,000	+16,870,000	—15,103,000	+29,000,000
DEPARTMENT OF STATE							
Migration and refugee assistance.....	5,706,000	¹⁶ 8,690,000	8,690,000	5,790,000	+84,000	—2,900,000	—2,900,000
FUNDS APPROPRIATED TO THE PRESIDENT							

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**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET
ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority allowed in House bill (4)	New budget (obligational) authority recommended by the Senate committee (5)	Senate committee recommendations compared with—		
					New budget (obligational) authority, fiscal year 1971 (6)	Budget estimates of new authority, fiscal year 1972 (7)	House allowance (8)
INTERNATIONAL FINANCIAL INSTITUTIONS							
Asian Development Bank (paid-in capital).....	20,000,000				-20,000,000		
Inter-American Development Bank:							
Paid-in capital.....	25,000,000	75,000,000	13,240,000	75,000,000	+50,000,000		+61,760,000
Callable capital.....	200,000,000	136,760,000	136,760,000	136,760,000	-63,240,000		
Fund for special operations.....	50,000,000	50,000,000		50,000,000			+50,000,000
Subtotal, IDB.....	275,000,000	17 261,760,000	150,000,000	261,760,000	-13,240,000		+111,760,000

International Bank for Reconstruction and Development:

Paid-in capital.....	24,610,000	24,610,000	+24,610,000	+24,610,000
Callable capital.....	221,490,000	221,490,000	+221,490,000	+221,490,000
Subtotal, IBRD.....	¹⁸ 246,100,000	246,100,000	+246,100,000	+246,100,000
International Development Association.....	160,000,000		-160,000,000	
International Monetary Fund (Quota increase).....	(1,540,000,000)	(.....)	(-1,540,000,000)	(.....)
Total, title III, new budget (obligational) authority, Foreign Assistance (other).....	669,572,000	747,417,000	330,906,000	724,414,000
			+54,842,000	-23,003,000
				+393,508,000

TITLE IV—EXPORT-IMPORT BANK OF THE UNITED STATES

Limitation on program activity.....	(4,075,483,000) ¹⁹	(7,323,675,000)	(7,323,675,000)	(7,323,675,000)	(+3,248,192,000)	(.....)	(.....)
Limitation on administrative expense.....	(7,048,000)	²⁰ (8,072,000)	(8,072,000)	(8,072,000)	(+1,024,000)	(.....)	(.....)
Total, title IV, Export-Import Bank of the United States, limitations on use of corporate funds.....	(4,082,531,000)	(7,331,747,000)	(7,331,747,000)	(7,331,747,000)	(+3,249,216,000)	(.....)	(.....)

See footnotes at end of table.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1971 AND BUDGET
ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1972—Continued**

[Note—All amounts are in the form of "appropriations" unless otherwise indicated]

Item (1)	New budget (obligational) authority, fiscal year 1971 (includes supps.) (2)	Budget estimates of new (obligational) authority, fiscal year 1972 (3)	New budget (obligational) authority allowed in House bill (4)	New budget (obligational) authority recommended by the Senate committee (5)	Senate committee recommendations compared with—		
					New budget (obligational) authority, fiscal year 1971 (6)	Budget estimates of new authority, fiscal year 1972 (7)	House allowance (8)
TITLE V—DEPARTMENT OF LABOR UNEMPLOYMENT TRUST FUND							
<hr/>							
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Department of Labor Unemployment Trust Fund.....	(21)						
Grand total, new budget (obligational) authority, titles I, II, III, IV, and V.....	3,812,257,000	4,342,635,000	3,003,461,000	2,888,635,000	—923,622,000	—1,454,000,000	—114,826,000
Reappropriation of unobligated balances:							
(a) Economic assistance.....	(\$6,503,000)	(\$5,149,000)	(\$5,149,000)	(\$5,149,000)	(—1,354,000) (.....)	(.....)	(.....)
(b) Military assistance.....	(6,500,000)	(4,000,000)	(4,000,000)	(4,000,000)	(—2,500,000) (.....)	(.....)	(.....)
(c) Security supporting assistance.....	(768,000)	(\$,721,000)	(\$,721,000)	(\$,721,000)	(+1,953,000) (.....)	(.....)	(.....)

¹ Includes an increase of \$1,654,000 contained in H. Doc. 92-93.

² Includes an increase of \$745,000 contained in H. Doc. 92-93.

³ Includes \$13,300,000 for UN RWA which was funded in fiscal year 1971 from "Supporting assistance."

⁴ In fiscal year 1971, this program was funded at a level of \$100,000,000 mostly from the "Development loan" accounts.

⁵ In the fiscal year 1972 budget, this program was proposed to be funded at a level of \$100,000,000 mostly from the "Technical assistance" accounts.

⁶ Submitted as a budget amendment in H. Doc. 92-166.

⁷ Includes an increase of \$2,600,000 contained in H. Doc. 92-93.

⁸ Includes an increase of \$155,000 contained in H. Doc. 92-93.

⁹ Includes an increase of \$2,064,000 contained in H. Doc. 92-93.

¹⁰ Unobligated balances as of June 30, 1970, reappropriated.

¹¹ Unobligated balances as of June 30, 1971, requested to be reappropriated.

¹² Unobligated balances reappropriated.

¹³ Includes an increase of \$11,000,000 contained in H. Docs. 92-93 (\$1,100,000) and 92-122 (\$9,900,000).

¹⁴ Includes an increase of \$114,000 contained in H. Doc. 92-93.

¹⁵ Includes an increase of \$103,000 contained in H. Doc. 92-93.

¹⁶ Includes an increase of \$40,000 contained in H. Doc. 92-93.

¹⁷ Includes an increase of \$211,760,000 contained in H. Doc. 92-149.

¹⁸ Submitted as a budget amendment in H. Doc. 92-149.

¹⁹ Includes an increase in limitation of \$3,690,735,000 contained in H. Doc. 92-175.

²⁰ Includes an increase in limitation of \$373,000 contained in H. Doc. 92-93.

²¹ Indefinite.